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# CANADIAN PACIFIC RAILWAY.

## HON. Mr. BLAKE'S SPEECH.

### HOUSE OF COMMONS.

TUESDAY, 14th December, 1880.

Mr. BLAKE. At this late hour of the evening it is quite impossible that I should hope to conclude the remarks which I propose to make in answer to the speech we have been entertained with for some hours, and it is one of the advantages (I do not think altogether counterbalancing the disadvantages) but still one of the advantages of the form of procedure we are now engaged in, that you once proceed a certain distance and can again renew your attention, Sir, to the subject. I shall proceed to such an hour this evening as hon. gentlemen opposite think fit to have an adjournment, and shall not complete the remarks which I wish to make this evening. The hon. Minister of Railways spent two hours and a half of his speech in a discussion in which I do not intend to spend ten minutes. The course of that part of his speech, I venture to observe, was not unfamiliar to us. In fact I heard one of his supporters subsequently say that he always did like that speech of the hon. gentleman, and from his point of view I have no doubt he did. There is, however, one advantage which the hon. gentleman has as Minister of Railways. If there is a certain degree of sameness, in the general line of his speeches on the Pacific Railway, there is always a pleasing variety in the estimates he brings forward from session to session: Whatever flights of fancy fall him in his oratory, he is capable of surprising us by the most extraordinary and alarming performances, whether they be of fancy or of fiction, in the way of estimates for that work. He has not been unequal to himself on this occasion. The hon. gentleman made some variety, as it was proper he should do, in the dressing up of the old dish. He began, upon the last occasion, with an appeal that we should not drag down this debate to the low level of a party discussion, and he ended with that appeal upon this occasion. He reminded us at the close of his speech, this time, of what he commenced it with last time. Sir, I say again that I know nothing in the institution of party which should disentitle any party from taking such a line upon any public question as they conceive the public interest requires; and I say that the moment I am satisfied that the hon. gentleman's notions of what makes a party question, and of the degradation to which a question is submitted by its becoming a party question, are true, I shall abandon the doctrine of party altogether. If I did not believe, as I do in my heart and conscience believe, that the proposal of the Administration, brought down to-day, is not merely fraught with great danger but certain to prove disastrous to the future of this country, which it is principally designed to serve, as they say, I should be glad to give it my support, and it is because I entertain the conviction that the measure is not merely dangerous, but ruinous, that I oppose it at the very outset. The hon. gentleman has said, for his leader and himself, that this is to be the crowning glory of their lives. For his leader it is to be the crown placed on the pedestal—though I did not know that it was usual for pedestals to have crowns. The hon. gentleman of whom he spoke, and to whom he attributed this peculiar position of this measure amongst his laurels, has described in still more eloquent and high-flowing terms, his views on the subject. It seems his interest in the Canada Pacific Railway and his joy and congratulation at the results he achieved in England are by him not expected to end with

his earthly career, but that above and beyond, and from, as he modestly said, he hoped a better sphere, among the joys of that life and the avocations and contemplations which will generally engross his attention in that better world, he hoped to be permitted to look down upon his friends the young men of the Club Cartier, travelling from Montreal to the Pacific at the rate of twenty-five miles an hour. Sir, I have read and heard a good many descriptions of the world to come. The Indian's notion of the hereafter and the Mahomeddan's paradise are familiar to us, but it is certainly a new description of one of the joys of the time to come, that an inhabitant of that celestial sphere should be able to look down and see some young fellows travelling on a railway. The hon. Minister himself, speaking of his own share in this great work, hoped he would be able to leave it as a legacy to his children. I hope he will; and that it will be a substantial legacy—one that will enable them, in all time to come, to look back with complacency on this great work of the hon. gentleman's life. But, while these hon. gentlemen are overjoying themselves upon what they have accomplished in bringing down this plan, they seem to me to be rather disposed—judging by the time and the efforts which they have devoted to proving that it does not lie in our mouths to complain, whatever might be the objections to the plan—to doubt whether it be not obnoxious to criticism if only fit critics can be found. They seem inclined to think that something should be said against it, but it is not for us to cast a stone. Well, upon the last occasion on which this question was discussed, I entered upon a history as brief as I could make it, of what I believed was the parliamentary history of the view which had been taken with reference to this undertaking in its financial aspect, in which it has always appeared to me of most importance. I contended that there had been a continuous line decision on the part of Parliament, departed from by no Government and no Parliament, that the work should not unduly press on the taxation of the people, but be proceeded with in a manner which should not increase the existing rate of taxation. That is the keystone of the position so far. That is the view which we have always taken and always sought to enforce. We have contended, and shall contend again, that hon. gentlemen did place this country in a position most unfortunate with reference to this matter; that they did make a bargain the literal obligation of which it was impossible to fulfil, that they did make an arrangement which they ought not to have made, and which events have proved, not merely in letter but also substantially, impossible of fulfilment; because they bargained that the road should be commenced in two years after the time when the bargain was made, in 1870, and finished in ten years—that is, in this year. They bargained that the road should be commenced at the sea-board of the Pacific within two years; and, Session before last, they declared that sufficient information had not even then been reached to decide upon the terminus of the road at the Pacific, which proved that they were utterly wrong in the notion that the road could properly be commenced at the Pacific some eight years ago. They bargained that it should be finished in ten years, and they esteem it the crowning glory of their lives that they produce a contract which indicates that it is to be finished in twenty years. I have thus given two views of the bargain which show that it was one

which, not merely literally but in substance, was incapable of fulfillment. The circumstances so created, and the position in which the country was placed by the making of that bargain, were unfortunate. Enormous expenses were to have been incurred in surveys beyond what would have been necessary, with the view of pressing forward a decision as to the route. It hung over us as a black cloud, and our future was darkened by the idea of the bond to which the hon. gentleman had persuaded a moribund Parliament to sign. We endeavored to adhere to that which had been acceded to in that Parliament—that the rate of taxation should not be increased. From time to time, as the hon. gentleman has said, we discussed the subject of the railway. In the first place, until the last Session of Parliament, every statement which has been made, from either side of this House, as to the cost of the Canada Pacific Railway, has been a statement made upon a basis as to the mode of its construction, wholly different from that which is now tendered for our consideration. A first-class road, and not merely a first-class road in the ordinary sense of the term, but one wholly exceptional in its grades and curves, so far as the traffic bound to the east was concerned, was the object of Parliament and of the country. In so far as my hon. friend, the member for Lambton, proceeded with the construction of that work, he carried out that idea, and he procured for this country, at a very considerably increased expense, and one which, I think, was wisely so increased, a road from Selkirk to Thunder Bay, which, if we can secure that the country and not some monopoly shall have the benefit of it, will give to the produce of the North-West a convenient access to the markets of the world, and give to the manufacturers and exporters of the east a fair ingress to that country. But, Sir, in all the estimates which were made, in all the views which men have taken, in the very theory of the road itself, which was projected as a grand trans-continental highway, which was to carry across this continent the traffic of China and Japan, the idea was that we should have an exceptionally good and high class road. The estimates made for the purpose of ascertaining the cost of a road of that kind are wholly different from the estimates which are proper to the present occasion. The hon. gentleman also adverts to some speeches I made. He adverted to a speech I made in 1875, and quoted a portion of it from the "Debate." Well, I am not going to bore the House by reading some of the rest of it. I am very indifferent whether portions of my speeches are quoted without the other parts which are necessary to a proper understanding of them by a Tory land seller or by the Minister of Railways, and I leave to those who take sufficient interest in my proceedings to peruse the speeches, and they will, if fairly read, answer the objections made to them. I have nothing to retract in the speech the honorable gentleman quoted. I abide by, as applicable to the then existing state of things—every sentiment expressed in that speech. The honorable gentleman himself, in the course of his remarks, adverted to the wholly changed condition of things. I recognized the other day—if I may be pardoned for following the hon. gentleman's example in alluding very slightly to a previous debate—I recognised, with reference to the changed policy of this Administration, not merely the right, but the bounden duty of the Administration, when conditions changed, to change their policy—to adopt such a policy from year to year as would appear best suited to the conditions as they were existing at the time of the proposed policy. And having acceded frankly to that view, as amply justifying a possible change or vacillation, as amply justifying any proposal the hon. gentleman may make, I am a little surprised that the hon. gentleman who has availed himself, and properly availed himself, from year to year, of changes in condition and policy, without remonstrance, should propose to apply to this time and these conditions suggestions

and observations wholly inapplicable. Sir, we agree with the hon. gentleman that this question has made progress in a number of years. Does anybody suppose that the circumstance that the road from Thunder Bay to Selkirk will be finished in a year or two, is not an important factor in the building of the Pacific Railway? Does anyone suppose that all the work that was done during my hon. friend's (Mr. Mackenzie) Administration, was not important work in the same direction? Sir, I call witnesses—I call the hon. gentleman (Sir Charles Tupper) himself. I cannot turn to the page in *Hansard*, but I very well remember the speech he made—aye, it was made since he became a Minister—in which he declared that what my hon. friend (Mr. Mackenzie) had done was of more real and practical importance in bringing this work to completion than if there had been work going on in British Columbia. What then? Has the circumstance that this work has been going on to completion nothing to do with the formation of a contract? There is more, Sir. There has been into the Province of Manitoba, not such an immigration as we could have desired, but still a very considerable immigration. There has been a very considerable amount of information acquired as to that territory. Hon. gentlemen will not deny that, because their own estimates of the fertile belt have varied from year to year. From year to year we are getting more news. We find according to the reports that there is a great deal more and a great deal better land, that there are far smaller spaces of infertile land mingled with our fertile land than we found before. Well, this is delightful news. Does it not alter the conditions—make the prospects of the country brighter—make everything connected with the letting of the contract for the Pacific Railway differ from what it was formerly? If it has any effect it must have that effect. Then the attention of England and Germany, the hon. gentleman says, has been more and more directed to the subject of the North-West—circumstances favored that. The difficulties which existed in England in connection with the competition in cereals and in meats, added to the unfortunate recurrence of two or three very bad harvests consecutively, have produced a state of things which have led the people of Britain to look this way. And then the hon. gentleman says, there has been a stroke of genius—the greatest stroke of genius which any Minister ever displayed—by the Minister of Agriculture (Mr. Pope, Compton). Well, I am quite free to admit that my hon. friend the Minister of Agriculture is a very genial man, but there is a great difference between a genial man and a great genius, and I think he would hardly apply to himself the compliment that has been paid to him. The step taken by my hon. friend was, I thought myself, a very good step, but to apply to it the high-flown epithet of a great stroke of genius, is, it seems to me, rather covering the hon. gentleman with ridicule than placing him in his proper position with reference to that matter. Well, it had a great effect, they say; it placed the country in such a light that we may expect a large immigration into that country. Does that not alter the circumstances; does it not make the Pacific Railway a more promising undertaking, and therefore is not that to be considered when we are considering whether any contract for its construction is to be approved by Parliament? Then there was a great circumstance which now for the first time we are informed of—a conversation between Lord Beaconsfield and the Minister of the Interior. It seems that it was from the Minister of the Interior that Lord Beaconsfield derived that information which he supposed he was faithfully communicating to the public. It seems that the true source of that information that so astonished and amused the world was from the Minister of the Interior. It is strange, with that knowledge of the subject which belongs to the Minister of the Interior and that acuteness which we all know the Earl of Beaconsfield possesses, that the Minister of the



Interior should have been unable to make intelligible to the Earl of Beaconsfield the true state of things, and should have put him in such an unfortunate and ridiculous—such a laughable—position as he occupied when he made that statement. This reminds me a little of some other works of Earl Beaconsfield, of some of those fascinating portraits that we find in *Endymion*, in which things are very much mixed, and you are expected to make of a picture that represents half of one man and half of another, some sort of an incongruous whole. However that may be, it is said that the effect of these statements, accurate or inaccurate, was very great, that they did great things for the country, that they attracted the attention of England and the world, as it never had been attracted before, to Canada; and therefore that the condition of things was brighter and improved, that we were more and more in a position to make a good arrangement for the construction of the Pacific Railway. The hon. gentleman seemed to believe that he had laid the foundation of Lord Beaconsfield's permanence in office, but the foundation that he laid was rather overturned by the broader foundation laid by Mr. Gladstone. But, he says, this season at any rate we acted, and he made some informal questions and suggestions, and gave us some desultory information. Well, I have no doubt hon. gentlemen opposite would not do anything less when they went across the water than see the Colonial Secretary and other members of the English Government, and do what they could to represent this country in its brightest light, but I am rather inclined myself to believe that Charles Parnell and the state of Ireland have more to do with the announcement of the new policy of the English Government, than Sir Charles Tupper and Sir John Macdonald.

Mr. MACKENZIE: It is another Charles.

Mr. BLAKE. Yes, quite another Charles. A complete change, the hon. gentleman said, had taken place in England as to Canada, a complete change had taken place in public sentiment at large as to the value of the lands in the North-West, that change had been largely promoted by the success, the remarkable success, of the enterprising proprietors of the St. Paul and Manitoba Railway. Against these gentlemen I have not a single word at present to say. What I have to say, with reference to that corporation, I will say later on, and it will be nothing that would not apply, so far as I know, to most corporations in similar circumstances; but I am heartily glad to hear such words of laudation and praise and confidence in the proprietors of that enterprise as fell from the lips of the hon. Minister. There are recorded in the "Debates" to which the hon. gentleman so repeatedly refers, some less pleasing sentiments with reference to one of the most important influential, wealthy, active and intelligent of those corporations. I could find it stated by one hon. gentleman, on the floor that he was a liar, and by another hon. gentleman that he was a coward. Well, now we find he is all that is good. I always thought these epithets were undeserved, not merely violations of the courtesy and dignity of Parliament, but wholly undeserved and unwarranted. I am glad to hear that the hon. gentleman now absent, who was thus stigmatized, is to-day vindicated by the hon. the Minister of Railways, who has given him such a good testimonial, because amongst the lot I do not suppose he is left out in the cold. I suppose in the wholesale compliment that has been paid, no one of these corporations has been left out. Well, I remember a great many other remarks that were made at that time against the proprietors of that railway company, irrespective of the slightly personal observations to which I venture to allude. I remember when we were told that they were unpatriotic, that the late hon. member was unpatriotic for interesting himself in an American railway and that he was acting against the interest of Canada in the

conduct of that railway. I never believed that there was any hon. member of this House, even any hon. member who expressed those sentiments, who would not have jumped at the chance of being in the shoes of the member thus spoken of if he had the offer of getting a share of the fortune which the late hon. member had by his pluck, skill and tact acquired in this enterprise. I thought those observations entirely unjust. I believe that any of us would be quite disposed to find our fortune, even if it was south of the boundary line, and would not feel ourselves by patriotic motives deterred from making a few hundred thousand dollars, although we could not make them within the limits of this country. I believe that in the conduct of their business these gentlemen have acted just as all persons in such business do act. They have acted with reference to their commercial interest; and, I believe, in dealing with them or any other corporation, we shall have to consider the question of interest, as concerned in the management of human affairs, as a tolerably constant, certain, and important quantity. Now, the hon. gentleman declared that he had got some fresh estimates. Last year we were brought, as I have stated, for the first time, face to face with a new proposal as to the style of the construction of the Canada Pacific Railway, and the hon. gentleman brought down his Chief Engineer's report as to what, according to that new style of construction, the different sections would cost. Before the hon. gentleman made that statement I had requested my hon. friend from Lambton, who, as the hon. gentleman has rightly said, was thoroughly familiar with this subject, viewed in the light in which we had viewed it up to that day, to reconsider the whole question of cost, according to the old style of construction, and to come to a conclusion as to what according to the advice of the engineers should be the estimate of cost. The hon. gentleman hoped to find some divergence between the views of the hon. member for Lambton and myself; but I stated to the House that my estimates were those of the hon. member for Lambton.

Sir CHARLES TUPPER. You are wrong in saying, I hoped to find a difference of opinion. I was delighted to find that you agreed.

Mr. BLAKE. Well, the hon. gentleman feared to find some divergence between myself and the hon. member for Lambton, although I had stated to the House that these estimates were not my own, but those of the hon. member, which I adopted in full confidence that they were as good estimates as could be prepared for the construction of that railway according to that style. But the hon. gentleman, reading my speech, and reading the speech of the hon. member for Lambton, made a contrast between that speech, as containing those estimates of that class of road, and the proposal which he brings down for our approval, and we heard from the hon. gentleman quite a disingenuous criticism. I will not apply the word disingenuous—I will not say it is misleading—but I will say that the hon. gentleman fell into an unfortunate error when he forgot, in making that comparison, that the conditions were wholly different. I stated in my speech expressly that I had no material for criticising or forming a judgment upon the estimates that the Minister brought down, that that estimate was one upon which I had no grounds for a judgment, that the statement was that the road was to be made as cheaply as possible to safely carry people over it, with sharp curves, heavy gradients, and as light a system of construction as the works could by any possibility be made. Read the description in the contract, read the description in Mr. Fleming's letter, read the hon. Minister's own statement of the route and contrast its subject matter with my hon. friend's estimates, and you will find that to compare the prices of one with the prices of the other is to propose that copper and gold should be valued by their weight as of equal value. Now, I have not to-day any means of judging of the hon. Minister's former estimate.



I said then that we required to know the details of these estimates before we could form a judgment, various details as to the grades and curves, and details upon the most important question of all—what will it cost after you have built your cheap and unsatisfactory road to convert it in due season into a first-class road. My own approbation, given as it was to the Minister's scheme, was guarded by the declaration that it was impossible to form an independent judgment upon the propriety of that scheme without that knowledge; so that, whether as to the cost or as to the propriety of the scheme, I never have had an opportunity to form a judgment nor to express any accurate opinion at all. It was even less than a year ago I uttered that speech, but even, if it had been, as the Minister observed, a whole year ago, I should be disposed to adhere to it. I find nothing in those estimates at all inconsistent with the views I entertain to-day with reference to the gentleman's statement; and if I did find anything inconsistent, if I did believe that I erred in any statement I had made in that speech, I hope that I know enough of my duty to confess my error and act upon my present judgment, whatever that may be. I have not yet been able to find that there was any error in the estimate I then made, or in any other suggestion of the speech. I did say I thought these estimates had been brought down rather suspiciously and for a purpose. At that time the object of the hon. gentleman was to show that this road could be well constructed by the Government in the mode in which they are proposing to construct it, at a small cost and with but little charge to the country, and with that view he laid before us the two sides of the account. He showed us first of all what money he was going to ask us to expend, and, secondly, what he was expecting to receive from the lands and he proved as I admitted, if his premises were true, that we might safely and successfully proceed at once to construct not merely the middle and the west but also the eastern link. I stated that, and I stated also that if the hon. gentleman's views were correct as to the routes and cost, it would be all right to go on with the road as it was. Well, the hon. gentleman was satisfied then that he was right; he finds now that he has erred, he finds that having attempted upon that occasion to procure the very lowest estimate that could be procured of the cost, and calling upon the engineer, as he did by the letter of the 15th of April, which is in the report of the engineer, to make an estimate of a very cheap road, the cheapest road that could be built, and pointing out to him the element of reduction in cost which occurred to him to be important, he got the figures down to a point which was surprising to us all. But we had not the materials for judging of the accuracy of the estimate. His estimate embraced the Thunder Bay link, the Prairie link, and the British Columbia section; but we hear him to-day informing us that he was all wrong in that estimate as to these links that the estimate was too high. As nearly as I can calculate, at the moment, there is a sum of about four millions and a quarter to be saved from the estimate of the hon. gentleman upon these items out of the sum of \$32,500,000. I do not profess to speak accurately, for I had not an opportunity, except for an instant, of glancing at the figures.

Sir CHARLES TUPPER. I estimated for equipment as well as for the construction of the road.

Mr. BLAKE. I am quite aware, although the hon. gentleman omitted to mention it in his speech to-night, that that must have been one of the grounds of reduction, although he applied the whole reduction to savings. I was about to call his attention to that fact and ask him whether that was not an element in reduction, but I may add that it could not have been a very serious element in reduction, because with reference to equipment the hon. gentleman's

estimate was of the most modest proportion. It is declared in the papers that the estimate for the equipment was not for the permanent running of the road but only such as might be necessary for the traffic which was expected immediately on its opening. The hon. gentleman will find that I am correct in saying that the engineer's estimate for the Pembina branch, as found in the letter of the 16th of April, is not based on a full equipment.

Sir CHARLES TUPPER. From Fort William to Selkirk, I estimated a full equipment, and a very light equipment from Red River westward.

Mr. BLAKE. The Engineer says: "Whatever the increasing traffic of future years may demand in the way of terminal accommodation and rolling stock, I am confident the line can be opened for traffic between Fort William and Selkirk, and well equipped for the business which may then be expected, at a cost not exceeding \$17,000,000." It is quite clear he did not mean a full equipment, but an adequate equipment which would serve a population of a few thousands which were producing hardly any surplus grain for export. I am not complaining of that; I think it is a very business-like arrangement to limit the equipment relatively to the wants of the road. I asked the hon. gentleman then, but he would not vouchsafe the information, what was the cost per mile of the estimated equipment for any of these sections, and I know not therefore how much of the reduction of which he now speaks may be a legitimate reduction. But the equipment of the rest of the line was to be of the very slightest character; it was a nominal sum that had been placed for the equipment of the Yale-Kamloops section, if any sum, and therefore almost all the reductions on that section and on the prairie and Port Moody sections would be on actual ascertainment that these estimates so given, prepared with the view to bringing the cost down to the lowest point, had failed wholly of that object, and had presented a condition of affairs entirely different from the truth. But what amazed me was, that while I found the hon. gentleman, with reference to these portions of the work which the Government is about to construct, triumphantly pointing out the errors in his estimates and taking credit to himself for the proposition that he was able to save four or five millions more, he was rather disposed, with reference to the central section and the eastern section, to adopt the estimates of my hon. friend (Mr. Mackenzie) applicable to a high class railway. Now, is the House going to imagine that those engineers who over-counted the cost of the line from Thunder Bay to Selkirk, then in a fair way of being completed, with reference to which it was most easy, one would judge, to have found a just estimate, who over-counted the cost of the Yale-Kamloops section, who over-counted the cost of the Yale-Moody section, is the House going to suppose that they under-estimated instead of over-estimated the cost of the other portions of the line? Is it true that while Mr. Fleming made a mistake and told us that it would cost us \$32,500,000 to do what costs under the new, the revised estimates, perhaps \$29,000,000 at the outside—is it true, I say, that while he erred by way of exaggeration as to those parts which are to be constructed by the Government, that he erred by way of deficiency as to the parts that are to be handed over to the Syndicate, or that the engineer's over-estimate prevails throughout the line? Just the same reason applies to those other sections; just the same views apply. He over-estimated as to the east, he over-estimated as to the middle; he over-estimated as between Red River and Kamloops; he over-estimated as between Nipissing and Thunder Bay, just as he over-estimated on the other points; and therefore I think we may fairly say that we have this cost of the cost of this line as proposed to be constructed in the minds of the Government, or which was in their minds when they let this contract. If it be true, as a matter of fact, that

the estimates of last year have proved to be erroneous, not by being too small, but by being too great, then the cost of the whole line is to be reduced by the same amount approximately to be eleven or twelve per cent.; that is the result, and what was to cost, according to the Minister's estimate, in full, including surveys and all, \$86,000,000—but as this reduction applied only to those particular parts, we will say \$82,000,000—would be reduced by the sum of nine or ten millions of dollars in all. That is the result of the hon. gentleman's estimates; he has nothing to do with our estimates, even if our estimates had to do with his line. Our estimates have not to do with his line. They have to do with a line of an entirely different character, but if they had to do with his line, his proposition is to be defended, not upon our errors of judgment, but upon his own correct judgment. His proposition is to be defended upon the basis which he himself makes for it, and he cannot prop it up by mistakes—if mistakes there were—on the part of his opponents. He did not believe in our judgment; he did not act upon it; he said it was all nonsense, and persuaded Parliament he was right, and went on. Now, he says: "It is true I erred;" and he says: "I erred by extravagance of estimate. I did not err in your direction; I erred in the other direction." Now, he suggests that this error applies only to those parts of the road which the Government, under an arrangement not dreamed of at that time, and consummated the other day, is itself to build; and as to the parts of the road which the Syndicate is to build, the hon. gentleman says: "But I won't talk of my own estimates of last year; I won't talk of my estimates of last year, reduced on the same basis as I reduced this, but I will apply to them the estimates which I ridiculed last year, applicable to the higher-class road of my hon. friend from Lambton." The hon. gentleman says that the Syndicate are to be judged as to their part of the work by the Opposition's estimate of the higher-class road; that the Government is to be judged as to its part of the work by its reduced, and then again reduced, estimate of its part of the road. It will not do. He has got to take his estimate for all or none, and the House and the country will not believe that such an extraordinary fact took place as that these mistakes were made only as to these particular links in the line, and that a different mode of calculation was adopted as to other parts of the line. Therefore, if that applies, that confidence which the hon. gentleman expects and which, I have no doubt, a majority of this House will afford him, in his statements as to the parts that the Government is going to build, will inevitably bring the original to this conclusion that, granted that the part that the syndicate is to build is substantially of the same class, the estimates of last year are to be reduced in the same proportion, and that, therefore, the work which they have to do and the money they have to spend is diminished by several more millions than the work that the Government has to do is diminished by the hon. gentleman's calculations. Now, that is the true situation. What have we to do with any former estimates made by any man or by any Government? We have to do with the estimate which in the belief of the Government, impressed by them upon the House, by them adopted and by them said to-day to err only in excess—the estimate which they brought forward as being the real cost of this work—that is what it is to be judged by. That is what is meant if their action is to be judged by it. Suppose, for example, that the hon. gentleman had brought down a proposal to pay \$120,000,000 in cash to the Syndicate for the construction of this road of this class, and said to Parliament, "It is true, gentlemen, that last year I told you this road would cost only \$86,000,000; I found I made a mistake, and, in point of fact, it will cost only \$76,000,000. I have contracted for its construction at \$120,000,000, but my all sufficient defence is that the member for Lambton thinks it will cost \$120,000-

000, and, therefore, you will at once agree with me that I was justified in giving the Syndicate the difference," and that is practically the argument of the hon. gentleman; that is practically his defence, in so far as the question of estimates upon the contract he has made. The hon. gentleman went to work to make contrasts, and here again circumstances wholly differ. He talked of the values of lands. He alluded to speeches which had been made by hon. members at various times with reference to the selling values of lands in the North-West. He referred to a speech of mine made at the time the Foster contract was under discussion, in which I expressed my own opinion then as to the value of lands in the North-West to the contractor at that time. What was the condition of things? This was not a contractor, Mr. Chairman, who was about to build a railway through the lands which he was to receive. This was not a contractor who was about to receive lands through which a railway was presently, or, as far as he knew at all, about to be built. This was a contractor who, at that time, was to receive lands in the North-West where there was no present prospect of there being a railway at all, and it was with reference to that country, at that time, with its then population, with the then estimation as to the fertile area, with the then views of English and foreign people about it, with the then prospects of railway communication, with the circumstances that the contractor was not to be able to utilize and make marketable the lands by building the railway through them, that that opinion was expressed. Sir, I do not hold myself bound, to-day, as to the present condition of things in the North-West by any opinion, as to lands, expressed at that day, and on the then condition of things in that country. I have evidence on this subject—evidence which I shall read to the House—evidence which, I think, will convince the House that the hon. gentleman, in this particular, as in the former particular, resorted to a wholly indefensible mode of argument when he proposed to falsify his own estimates of the value of lands in the North-West, by reading the views of other gentlemen, expressed many years before, as to their value, and asking us to assume them to be true for the purpose of judging his contract. Now, Sir, let me, before I go further, point out a gross error in the suggestions which have been made with reference to the value of blocks of railway lands. Both the former propositions which involved the construction of this railway by the money grant and the subsidy of lands, were based upon one common view, that the money should be relatively a small amount, and that the lands should be relatively a large quantity. This proposition differs in that cardinal particular from those, not indeed, as I shall show, that the lands are of a small amount, but the money and the money's worth are of a very large amount, but I am at present concerned simply in elucidating the one proposition. The hon. gentlemen opposite have spoken of 50,000,000 acres to be given under the original proposition of the late and present Government, and of fifty-four and fifty-five millions of acres of railway lands to be given under the Pacific Railway Act of 1874—they have talked of these larger blocks of land as if they were worth, and to be estimated acre for acre, as much as a block of 25,000,000 acres of railway lands, and they have said: "If you value 25,000,000 acres of land at \$1.00 per acre, that is \$25,000,000; then 50,000,000 acres of land are, of course, worth \$50,000,000. No such thing, Sir; far different. If to \$25,000,000 in money you add another \$25,000,000, the second \$25,000,000 is after all just as valuable. It will buy us as much as the first. But if to 25,000,000 acres of lands, relatively close to the railway, you add 25,000,000 relatively far distant from the railway, you give an equal acreage, but you give by no means an equal value. It does not need argument to demonstrate that, but I will give to the Committee, because the hon. gentleman does not appear to place reliance on his own views, I will give the Committee

and the country proof that will be satisfactory. In the first Session of this Parliament the hon. gentleman brought down a policy for the construction of the Canadian Pacific Railway by the appropriation of 100,000,000 acres of land for that purpose, and the Government took authority to sell that tract of land at a price not less than two dollars an acre. During the recess they fully considered the mode by which they would utilize the enormous powers with which this House clothed them, and they came to the conclusion, which, whether its exact figures be correct or not is immaterial, but which in substance was indisputably correct, that they had made a mistake in suggesting a price of two dollars, and that the proper way to realize out of this 100,000,000 of acres an average price of two dollars was to graduate the price of the lands in relation to their proximity or remoteness from the line of railway; to sell those which are close at a high rate, and those which are outside at a low rate. So satisfied were they that this view would commend itself to Parliament, that they took—and I do not greatly blame them for it—the grave responsibility of forming a plan, and actually proceeded to advertise the sale of their railway lands under that resolution, upon terms which handed over very nearly one-half of the whole 100,000,000 acres at a price of one dollar an acre instead of two, and yet, Sir, upon terms which would produce, upon the average of the whole sales, not merely two dollars, but \$2.13 an acre for the whole hundred millions. How was that achieved, the hon. gentleman asked? I do not know whether or when the Minister found out he was all wrong about it, but he said that the lands within five miles on each side of the railway were worth five dollars an acre. Why? Because it was close to the railway. He said that the fifteen miles outside on each side of this, making two strips aggregating thirty miles, were worth four dollars. Why not worth five? Because it was a little farther off. Why worth four? Because, after all, it was pretty near. He said that the twenty miles belt on each side of this fifteen miles belt, making two strips of twenty miles each, were worth three dollars an acre, graduated according to distance. He said that another belt of twenty miles on each side of the last-mentioned belt was worth two dollars an acre. Why two dollars? Because it was further off; and he said that two belts of fifty miles in the extreme outside were worth only one dollar an acre, because they were so far from the railway. Now, if you go to work, having made your arrangements and assigned your values—having decided what the relative values are, conditioned by the proximity of the lands to the railway—if you go to work to ascertain what is the value of 25,000,000 acres to be taken as close, the alternate block system will allow to the railway, you will ascertain certain figures, and then, having taken those obviously at the higher range, you will have to go to work to get other 25,000,000 to make up the 50,000,000, and you go outside for it; and equally obviously you will have to take them at the lower rate of value, and so I have demonstrated without referring to exact figures, that both by reason and by your own determination, 50,000,000 acres of land to be taken in alternate blocks, as close to the railway as 50,000,000 could be found, would not be worth, acre for acre, anything like as much as 25,000,000 acres taken as close as that smaller aggregate could be taken. The precise figures I shall give the Committee presently. Well, then, I prove to you that in this particular the hon. gentleman is wholly wrong when he compares the former proposition for the construction of this road, which involved the cession of very large areas of land with the outer or surplus parcels remote from the railway, with the present proposal. The twenty-five millions added are not equal in value to the inner twenty-five millions common to the two proposals. All the other conditions

have to be also considered. Take the one upon which I have already dilated, the class of the road. Were the former proposals to build this kind of road? Not at all. They were to build a high-class railway; and of course we gave the appropriate price, and therefore you cannot compare the proposals for the construction of the one kind of road with those for the construction of the other, unless you decide what the proper difference in the price of the two kinds of roads is. Perhaps, Mr. Chairman, at this advanced hour the Committee would prefer to adjourn as it would take me some time to complete my remarks.

## AFTER RECESS.

WEDNESDAY, 15th December, 1880.

Mr. BLAKE. I proceed, Mr. Chairman, to endeavor to ascertain, by the light of those figures which were presented to us last year, and those figures which were presented to us last night, what the cost of the road, such as we are to obtain it is, what the consideration which the country is to give for its construction by the company is, and what are the advantages to be obtained by the company, pecuniarily and otherwise. I think I have already sufficiently established to the Committee that the estimates of cost for a first class road are estimates which are wholly inapplicable to this structure. But I intend, when I reach that particular point, to give a few more facts and figures than those which have attracted the attention of the House in other discussions, and in this discussion upon that subject. Now, we are not here face to face with anything less than conclusions deliberately reached by the Administration upon the advice of those most competent to judge as to the cost of this railway. It is to these figures that I appeal, and upon these figures the Administration cannot object to be judged with reference to this contract. The cost of the railway in cash, as estimated last year, and including in that cost the telegraph line and the subsidy to the Canada Central, and also fifty miles extra of the line to the north of Lake Superior—because that line was calculated last year at only 600 miles, upon the view that before it was commenced at least fifty miles would be constructed by the Canada Central, and, therefore, it is only fair to add that to the cost now, when it is proposed to commence at South East Bay or near it—I say the cost of the railway, constructed as the Government proposed to construct it, and including those three items, was \$88,500,000. From Thunder Bay to Red River, \$17,000,000; Pembina Branch, \$1,750,000; Red River to Jasper House Pass, \$13,000,000; Jasper House Pass to Kamloops, \$15,500,000; Kamloops to Yale, \$10,000,000; Yale to Moody, \$3,500,000; an extra \$1,000,000 spread over the British Columbia section; the line along the north shore of Lake Superior, to which I have referred, \$20,000,000; the extra fifty miles to which I have referred, \$1,666,000; the Canada Central subsidy, \$1,450,000; telegraphs, \$500,000; surveys, \$3,119,000; making an aggregate of \$88,485,000, not differing at all from the hon. gentleman's (Sir Charles Tupper's) own statement, except to add the two or three items to which I have referred, and which, in considering the cost to the country of this enterprise, must, of course, be added, because we have paid those sums. Of this sum of say \$88,500,000, we have already, according to the statement laid on the Table the other day, actually paid out in cash no less a sum than \$18,600,000, and the interest which we have already paid for the money we have borrowed to enable us to pay that \$18,600,000, is about \$2,000,000:



so that the Pacific Railway account, in principal and interest, stands at this moment at considerably more than \$20,000,000. Now, the cost of the railway, according to the revised estimates of this year, because, as I have observed, the cost of the Pacific Railway, under the hon. gentleman, is a constantly decreasing quantity in point of estimate, although when we come to the contract with the Company, the results may and will appear to be very different; the cost, I say, according to the revised estimates, brought down by the Minister the other evening, is this: He divided the line into three parcels—from Thunder Bay to Selkirk and the Pembina Branch, the Yale-Kamloops section, and the section from Yale to Port Moody—which were estimated last year altogether at \$32,500,000, and he reduced the cost of these to \$28,000,000. I have estimated that of that reduction \$1,000,000 is properly applicable to equipment and terminal accommodation, saved to the country and to be imposed upon the Syndicate by the terms of the bargain. That would reduce the saving in the shape of excessive estimate to \$3,500,000. There would be a sum of \$31,500,000 of work, now represented by \$28,000,000, there being thus a saving of \$3,500,000 on \$31,500,000, or 11 per cent. upon the hon. gentleman's estimate of last year. Now, the other work, which was estimated on the same principle, in the same view, by the same man, at the same time, was to cost, from Red River to Jasper, \$13,000,000; Jasper to Kamloops, \$15,500,000; half the extra million on the British Columbia section, \$500,000; the North Shore line, \$21,666,000, and the payment of \$1,000,000 for stock, &c., taken off the Government calculation of its part,—making a total of \$51,666,000 to be provided in the same way by the Syndicate. But of that \$51,666,000, I appropriate the \$1,000,000 formerly mentioned and another \$1,000,000 for equipment on the central and western part of the central section, and the estimated saving, applying the same saving to these estimates that the hon. gentleman has found applicable to the other estimates is upon a gross sum of \$49,666,000, or a saving of \$5,463,000 or say \$5,500,000. So that the total cost of the work to be done by the Syndicate, reaches the sum of \$46,200,000, inclusive of equipment; the total cost, which I pointed out a moment ago, was \$88,500,000, is by the hon. gentleman's fortunate economies reduced by \$9,000,000—\$3,500,000 on the Government sections, \$5,500,000 on the Syndicate sections. Thus the grand total of \$88 millions is reduced to 79½ million dollars by the operation of the hon. gentleman's economies. That, then, is the cost, as compared with the cost last year, of a cheap road, including in that cost all the expenditure of the exploratory surveys, the telegraph lines, the Canada Central subsidy, and also that extra piece of the North Shore to which I adverted. I say the cost of a very cheap road, and it may be just as well to point out what style of road it is, so far as the Government sections are concerned. The hon. gentleman in a letter to his engineers on the 15th April, said:—"The policy of the Government is to construct a cheap railway, building it rather in advance of settlement, with any workable gradients that can be had, incurring no expenditure beyond that absolutely necessary to effect the rapid colonization of the country." The engineer in answering, quotes in a note to his answer:—

"I am convinced, moreover, that by making an extreme study of the final location of the British Columbia section, by sharpening the curvature in some places, by using great judgment and adjusting alignments to the sinuosities and sudden and great irregularities of the ground, by substituting cheaper classes for the more costly, whenever it can be safely done, and by doing no more work than is absolutely necessary, a marked reduction can be made."

That, Sir, is a short account of the style of road to which these estimates of last year referred, to which the hon. gentleman reduces the estimates of this year, and it is the style of road which, so far as the Government sections are concerned, we are to expect to secure by the end of ten

years as our contribution to the transcontinental railway. As to the Company's part, one might naturally expect on such an arrangement that they would have something like the same standard. In fact, unless we get a very long link of railway of a superior standard, there is very little use in interspersing large quantities of superior with large quantities of very inferior work, for you cannot haul a large load over your railway if there are here and there very bad curves and grades. Although it is, of course, better that you should have a level road for some part, you still are unable, practically, unless you have a very long link of good railway and then manage to divide the load along the bad railway, to do more than half work. At any rate the standard given by the contract for the Syndicate is, as we have already, I think, fully satisfactorily discovered, not a very elevated standard. I have referred to the standard, and the House will remember, without my once again reading the document, that the contract prescribes the standard of the Union Pacific Railway as first constructed as the standard of the Canadian Pacific. Well, the former contract prescribed the standard of the Union Pacific as it was at that day, and prescribed, not that absolutely, but with the reservation of objectionable points in that standard, and a provision that inferior alignments and curvatures should not apply, but that better work should be done wherever it was possible than was done even at that time on the Union Pacific. I was a little surprised to hear the hon. gentleman, in his speech, the other evening, quote the Allan contract as one of the *pieces justificatives* of the Government. It did seem to me it would have been the part of discretion to have left out all allusion to that contract in this connection. But, the hon. gentleman thinking, from his imperfect recollection of it, that he could vindicate the terms of this contract by a reference to that, lugged it into the discussion, and we now find that, bad as that contract was in many respects, this is, in the particular for which the hon. gentleman cited it, very much worse. However, unfortunately, the hon. gentleman may have succeeded in guarding the public interest in the matter, we know he and his colleague, the hon. Minister of Agriculture, stood upon this occasion, in this particular, in a very much better position than they occupied on a former occasion. We very well remember that, upon a former occasion, Sir Hugh Allan declared in writing, that engagements had been made by his agent with inferior Ministers, of which engagements he did not approve, thinking those Ministers not worth powder and shot. The hon. gentlemen have since received the promotion due to so much merit. They are no longer inferior Ministers, but important, influential Ministers, whom it is quite worth while to make engagements with, and who are eminently worth powder and shot. They proceeded to England in their advanced capacity of important Ministers to make this contract, and whatever they may have been able to accomplish for the country, I hope they have been able, not merely to obtain an ample recompense for their broken engagements of the old days, but to take good security that their like engagements for the future be duly implemented. What was the Union Pacific Railroad when it was first built? In the first place it was an iron road, not a steel one. It was made of such bad iron that, long before it was finished, the rails on the earlier portions were worn out, or almost worn out. It was a road on which almost all, I might say, all the structures were of wood. The reports on this enterprise are to be viewed with suspicion. It was an enterprise which, like other Pacific Railway enterprises, was the subject of great scandal. It was discovered that members of Congress had been bribed; that the Government director, appointed to guard the national interests, I think his name was Brooks, had himself been bribed with a large sum. He

was the person who inspired and directed the arrangements for Government inspection, and helped to prepare the reports—an excellent arrangement, whereby the interests of the country might be made to harmonize with those private interests which he so admirably guarded by obtaining this large sum of money. Notwithstanding all that, with the very source and fountain of inspection so foul, the report of the Secretary in 1868, before the road was completed, but when constructed for the greater portion of its length, portions having been worked some time, was something of this kind: there were gradients of 80, of 66, and numerous gradients of 90. The report says:

"The track has, without exception, been laid on the bare roadway, without having been previously prepared to receive it, by ballast; as a consequence, except where embankments happen to be built, the track is entirely without ballast, the necessary material having had to be brought up for the embankments themselves."

The report proceeds:

"From Omaha to the end of the track the number of structures which were deemed permanent after the road had been completed so far—"

and the phrase is important, not structures which were permanent, but were "deemed" permanent—

"was a hundred and fifty, of which there was only one in iron."

One iron bridge, but in the same distance, besides a hundred and fifty structures deemed permanent, there were six hundred and ninety-four that even a bribed Government direction could not induce an inspection to deem permanent, and they were called temporary. There were nearly eight miles in length of temporary wooden structures; in fact, it was almost built upon stilts, and of those six hundred and ninety-four structures, nearly eight miles long, no less than six hundred and sixty were then condemned at that early period and ordered to be replaced. And a very large sum of money, six or seven millions of dollars was, I think, in the following year estimated by favorably inclined persons to be necessary in order to put this road, which had not then been finished from end to end, but to put it so far as it had been constructed into a reasonable state as a road. Reference has been made, and will, I dare say, again be made, to a report of 1872 which is open to suspicion also, but which speaks of the road in a wholly different condition; in a wholly different condition as to its grades and curves, even still more as to its ballasting, as to its iron, as to its bridging and so forth, from what it was, as I say, when first constructed, which is the specification that our careful Government has acceded to for the standard for our railway. Why, Sir, I think what has happened to-day ought to induce the Ministers themselves to propose to withdraw at once the consideration of this contract. It is obvious that they have been deceived or misled. We find they themselves say that they thought they had secured for this country a standard of construction for the railway wholly different from that which it turns out they have secured. I wish, Sir, that we could call to the Bar, upon this and other questions relating to this contract, for examination the attorney of the Company. I wish we could bring him here and examine him, and find out what, in his view, the meaning of this clause was, and if, in addition to the opinion which he should give us at the Bar, we should have the benefit of the able legal opinion, within these walls, as he would give it in the public interest, of the hon. member from Argenteuil, we should in this conflict of opinions, reach the truth, and the truth would convince us that this is no contract that we ought to sanction. What more fatal blot can there be on the contract than the fact that the Minister of Railways should have supposed that he is obtaining all that the Allan contract secured when he has secured something as different as it is possible to conceive from the Allan contract? Let me give you a little more information about the original arrangements for the construction of the Union Pacific Railway. I will read you an extract

from a report on the construction of 675 miles of that road called the Oakes-Ames contract, which was arranged to be transferred to the Credit Mobilier, and which was the origin of that halo of glory which has surrounded the Union Pacific Railway ever since:

"The party of the second part may have the right to change the grade and curvature within the limits of the Act of Congress for the temporary purpose of hastening the completion of the road."

And the same provision exists in a prior contract for one hundred miles, so determined were they to hasten the construction for public and private reasons; for public reasons, because the rapid construction of a railway across the continent was deemed an important thing by the United States Government at that time; for private reasons, because the vast land grant was so arranged that the more miles they covered the more land they would get. So anxious were they to construct that road in any way that they might cover the ground, that they made an express provision for the construction of the greater portion of it on alignments and with curvatures and gradients which were not intended to be permanent, which could not be worked permanently, but which still are the alignments and gradients upon which the Union Pacific Railway was first constructed and which are, therefore, the standard for our railway. The honorable gentleman may be unfortunate enough to repeat an allusion he made as to the cost of the railway, as something proving to us that it is a high standard; I am entitled from the line of his arguments to anticipate some such suggestion. There were many ingredients in the cost of the Union Pacific Railway. There was a time of war, a time of inconvertible currency, of high labor, a time of very great haste and expedition. One of these contracts provided that on every pleasant working day, two miles of road should be laid; and it was under such circumstances, under such pressure, that the Union Pacific was constructed. But this is not all; there is more behind. Let me read an extract from the report of the committee on the operations of the Company who constructed that road, and the hon. gentleman will see how it was that the Union Pacific came to cost so much.

"The men who controlled the Union Pacific resorted to the device of contracting with themselves to build the road and fix a price high enough to require the issue of bonds to the full extent, and then divide these bonds, or the proceeds of them, under the name of profits on the road."

This is the report of a committee of the House of Representatives on the *Credit Mobilier* scandal, and it goes on to say of the United States, what, one may hope, cannot yet be said, but what, one may fear, might be said some day, of Canada:

"This country is fast becoming filled with gigantic corporations wielding and controlling immense aggregations of money, and thereby commanding great influence and power. It is notorious in many State Legislatures, that these influences are often controlling so that in effect they become the ruling power of the State. Within a few years Congress has, to some extent, been brought within similar influences."

Let me read another short historical extract, as the hon. gentleman wants to know more—for we find that he does know but little—about the Union Pacific Railway and the contracts of the company:

"The Union Pacific Railway Company was largely dependent on the aid furnished by Government for its success. The managers of the company, being shrewd business men, succeeded in placing all the burdens and risks of the enterprise on the general government, while they reserved to themselves all the profits to be derived from the undertaking."

Of what road, Mr. Chairman, am I talking? Is it the Union Pacific, or the Canadian Pacific?

"Reduced to plain English the story of the *Credit Mobilier* is simply this: the men entrusted with the management of the Pacific road made a bargain with themselves to build the road for a sum equal to about twice its actual cost, and pocketed the profits which they estimated at \$30,000,000 which came out of the pockets of the tax-payers of the United States."

Mr. Chairman, allow me to substitute for the words "with themselves" in this extract "with the Government" and

we shall have a quotation equally applicable to the present state of circumstances. I have shown what, according to the Minister's estimates of last year and his estimates of this year, is the cost of the Canadian Pacific Railway in the manner in which the work is proposed to be constructed, viz.: \$88,500,000 or \$79,500,000 upon the reduced estimate, including in this the Canada Central subsidy, the telegraph line and the extra fifty miles on the north shore of Lake Superior. Now, I propose to ascertain the cost to the country of the Canadian Pacific Railway by the proposed arrangements for the construction of that work according to each year's estimates. I will first take it up according to the estimates of last year, and see how it works out. According to last year's estimates, from Thunder Bay to Selkirk was \$17,000,000, and I deduct for equipment which the Syndicate is to provide \$400,000, leaving \$16,600,000 to be expended by the country; the Pembina Branch \$1,750,000, and I deduct for accommodation, which is now to be provided by the Syndicate, \$250,000; Canada Central, \$1,450,000, telegraphs, \$50,000, the Kamloops and Yale, and Yale and Fort Moody sections a half of the million for the British Columbia section, which is inserted in bulk, which make \$14,000,000, less equipment for the British Columbia section, \$350,000, \$13,650,000. Add for the subsidy \$25,000,000, and you get as a total in actual cash—exclusive of interest—of \$61,519,000—say \$61,800,000. I say, exclusive of interest, there is the cost in cash to the country under the proposed arrangements of procuring the construction of the Canadian Pacific Railway. Well, if the total expenditure, as per last year, will amount to \$88,500,000, and the cost under this arrangement was \$61,800,000, it will leave \$26,700,000 to be provided by the Syndicate. If you adopt this year's estimates the cash to be provided by the country is reduced by \$3,500,000, as I have already shown, and that leaves the total cash to be furnished by the country in that view, \$58,300,000. The cost of the whole work by this year's estimate is reduced by \$9,000,000, so that the total cost is \$79,500,000, which leaves the difference between \$58,300,000 and \$79,500,000, to be provided by the Company—\$21,200,000 only. For the sum then, of \$26,700,000, according to last year's estimates, and of \$21,200,000 this year's, the lands are given. The lands represent the equivalent of certain sums dependent on the estimate which the hon. Minister, after mature reflection, is disposed to take. I am not disposed to permit him to adopt one line of estimate for the Government work, and another line of estimate for the Syndicate work; but whichever estimate he pleases he may take as applicable to both. Say that the standard of construction is the same, and the estimate is the same, he finds that he has made out, by his brilliant operation of the other evening, a saving to the Syndicate of the difference between \$26,700,000 and \$21,200,000, being \$5,500,000. Well, Sir, the privilege of freedom of taxation on the road alone, if you say nothing about the taxation of the lands at all—the privilege in perpetuity of freedom of taxation on the whole Canadian Pacific Railway is worth more to the company owning the road than this \$21,000,000 or \$26,000,000. I think, if I am not mistaken, and I am open to correction if I am, that the taxes paid by our standard, the Union Pacific Railway, are about \$270,000 a year, for a much shorter road. If you capitalize that you will get a sum of over \$5,000,000, as representing the value of freedom from taxation of that road. I need not say that our road is very much longer than the road to which I have referred. But even if you value the freedom from taxation of the lands at nothing, then, what about the lands? These lands are to be within twenty-four miles of the railway. According to the estimate of the Government made by them in the recess before the last Session of Parliament, and which they published to the world as the terms of sale of railway lands, confirmed by them

during the last Session of Parliament, when they brought it down and declared it to be a moderate estimate; further confirmed by them when they asked Parliament to sanction their going on with the work on those regulations and principles, and still further confirmed, in this sense at any rate, when they announced, as they have repeatedly announced, that the prospects of selling lands in the North-West are infinitely brighter to-day, that the land is worth more to-day than it was a year ago. According to this view, which we may take as a minimum estimate, there is established for lands to be found within twenty-four miles of the railway, an average price of \$4.04 an acre.

Hon. MEMBERS. Hear, hear.

Mr. BLAKE. Well, the hon. member for Niagara, and other members, think that a wholly ridiculous estimate.

Mr. PLUMB. We do.

Mr. BLAKE. I did not hear that the honorable member for Niagara thought it a ridiculous estimate when his chief and leader propounded it last year. I did not hear hon. gentlemen think it a ridiculous estimate when they rejected, by an overwhelming majority the proposition that this railway could be paid for wholly out of the lands. But now the case is different, and the case being altered alters the case, and the hon. gentleman, the case being altered, and his chief being absent, sneers at and ridicules his chief's estimate of the value of the land. I may explain, Sir, since there appears to be a little incredulity on this subject, how it is. The ten miles range, or rather the two ranges of five miles next the railway, were valued at five dollars an acre; that would give you 5,208,000 acres at the sum of \$6,041,000; the two fifteen miles ranges next to this, making thirty miles in depth altogether, were valued at \$4, which would give you 15,624,000 acres at \$62,500,000, and eight miles of the next range—the three dollars range—would give 4,160,000 acres at \$12,480,000 or the total valuation for 25,000,000 acres, of \$101,000,000. But, of course, taking the range of distance through which this railway is to travel, and from which this land is to be taken, and considering that it is to be taken only in alternate blocks, and that certain sections are appropriated for the Hudson's Bay Company and for school lands, there are not 25,000,000 acres, at any rate, of prime quality, which this Company will alone condescend to take, available within twenty-four miles off the main line of the Canada Pacific Railway; and, therefore, the observation which I have made so far would extend only to so much land as was to be found on the main line within the twenty-four miles, which I have roughly calculated to be perhaps about 12,000,000 acres. But, although there will not be the whole acreage on the main line, yet these contracting parties who have been struggling with one another for so many weeks to see who could make the best bargain, saw a solution of that difficulty, and it was this: if the land cannot be found within the twenty-four miles of the main line you can select the choicest spots of the North-West for situation, for soil, for commercial prospects, for railway building. You may decide to build a railway to the land so chosen, and you may, on ranges within twenty-four miles of these branch railways, select land of a quality which you are not able to find within twenty-four miles of the main line. And, therefore, I say, we may not unfairly count this privilege, given to these persons, to choose out the choicest spots and run railways through them, as making the remainder of the 25,000,000 acres of a value equal to that which shall be accepted by them, within twenty-four miles of the main line. I think, Sir, it may not be useless for me to prove by a public document, something of the value of such a privilege. I have before me the prospectus of the Manitoba and South-Western Colonization Railway Company, which



is placing on the London market its bonds, and the statement it makes is:

"The length of this railway is 295 miles, of which the first section of 119 miles is under contract, and at least 50 miles are to be opened by the 1st of September, 1881. The Governor General has approved of a report of the Privy Council of Canada, recommending a grant to the company at the nominal rate, mark you, the nominal rate—of \$1 an acre of an area of land equal to 840 acres per mile, commencing at the south-west of the boundary of the Province, so that it is outside of the Province of Manitoba that this land lies. It is estimated that a judicious realization of the land would produce to the company the sum of \$22,000,000 sterling, or \$10,000,000, and the company has refused offers made to them for large portions of that land at \$5 per acre. In another part it is stated that this line is to be constructed for \$3,000 sterling or \$15,000 a mile, and the result is that the fortunate stockholders—and if there are members of Parliament among them, I hope they will share among us all—will have an admirable commercial railway constructed free of cost, and probably four or five millions besides from the sale of their lands."

Well, Sir, you thus find that there are lands of very great value to be had, outside of Manitoba, beyond the range of twenty-four miles of the Canadian Pacific Railway, which can be opened up and made saleable at \$7 or more per acre, by railways which shall be, as this railway is declared to be, good paying commercial enterprises. But the least you can suppose is, that the company will not find it advantageous to take that area of its lands which it cannot find within the twenty-four mile belt in the way I have stated, and that they will go on—although they are not bound to do it—spreading out to a sufficient distance to enable them to take the 25,000,000 acres from along the main line of the Canada Pacific Railway. It is obvious that if the Company does not do that, it is because they can make more money by going further off, and building a railway. But suppose they do adopt the former alternative, they have to run out, according to the estimates of the Government, fifty-five miles from the main line of the railway in order to get their 25,000,000 acres. They, of course, take the five mile range on each side, the fifteen mile \$4 range, the twenty mile \$3 range, and 15 miles of the \$2 range, and carrying out the same figures and applying them to the 25,000,000 acres so taken, you find them worth, according to the view of the Government last year,—of course they will put a higher estimate on them this year—\$79,500,000. Take them as you can take them along the line of the Canada Pacific Railway, stretching out to a point 55 miles from that line, and, according to the Government's view, the minimum value of the lands is 79½ millions. I think, Sir, I have now proved, by figures, the absurdity of those arguments which have been based upon the idea that a grant of 50 millions of acres along the railway is worth as much as for acre, as a grant of 25 millions within the 24 miles belt. I have shown you that the Administration has committed itself to the sound, the unquestionably reasonable view that the nearer the railway, the greater the value, and that by consequence the smaller acreage taken from the inside must be worth very much more than an equivalent, and may be worth very much more than a much larger area taken from the outside. Let me illustrate this position. To take 50,000,000 acres as was proposed of railway lands within the limit of the 220 miles range, or 110 miles belt on each side, you had to go, of course, 55 miles further on each side than I have already brought you. You, therefore, take five miles of the \$2 belt, and fifty miles of the \$1 belt, and the value of these fifty-five miles, or a depth of 110 miles, according to these same hon. gentlemen's estimate, was 27½ millions of dollars. So that while the whole lands were worth the \$106,750,000, taken as close as the sections would enable you to take them along the line of the railway, the inner lands at \$3.18 per acre are worth \$79,500,000, and the outer at \$1.11 per acre, 27½ million dollars, or an average for both of \$2.13 per acre. I do not enforce these views by any arguments of my own. I am simply stating the deliberate estimates and views of the Government of this country

confirmed to be correct, by an enormous majority of the Parliament of this country at its last Session of Parliament, and by those who are now disposed to dispute them. Well, I pointed out a while ago that the country was to expend in cash, under this arrangement, on the estimate of last year, \$61,800,000, and now at what shall I value the 25,000,000 acres to be taken within twenty-four miles of the main and twenty-four miles of the branch lines? Shall I value it at \$4.04 or \$3.18 per acre? If you take \$4.04 we add to the \$61,800,000 cash \$101,000,000 for lands, making an aggregate of \$162,000,000, land and money, for this enterprise. At the \$3.18 we add \$79,500,000 to the cash subsidy, making an aggregate of \$141,300,000 for the enterprise. And, if you really will insist that 25,000,000 acres of land close to the railway are worth no more than 25,000,000 acres at a distance; if you will turn your back on every view that you have entertained on this subject before; if you will bring down an Order in Council annulling your former declarations, and declare that \$2 only is the value of land close to the railway, we find an aggregate of \$50,000,000 for lands and \$61,800,000 cash, or a total of \$111,800,000 in lands and money. The Company is therefore to get the railway completed and the lands on last year's estimates for the cash expenditure of \$51,660,000 less the \$25,000,000 of subsidy which the country provides, so that, according to the estimates of last year, this work and these lands are to become the property of this Company for the cash expenditure by them of \$26,700,000; so that, according to the estimates of last year, the Company, deducting the Canada Central Railway subsidy and the telegraph line, if they are worth considering in these millions of figures, is to get this \$162,000,000 worth, or \$141,000,000, or \$111,800,000, according as you value the lands, for \$26,700,000. Now I will apply myself to this year's estimates and see how they run. On this year's estimates, the country is to expend in cash and works, \$58,330,000. Add to that the amount for lands of \$101,000,000 and the total is \$159,300,000. Take the lands at \$79,500,000, and the total is \$137,800,000. Take them at \$2, and the total is \$108,300,000, and applying the same reduction for over-estimate, as I have pointed out, the Company will get the completed railway and lands for an expenditure of \$46,200,000, less \$25,000,000 or for \$21,200,000. This subject will bear a little examination in another light, as to the avails of these lands. I may begin my task by convincing hon. gentlemen opposite, with reference to the avails of the lands, because I go upon figures to which they have given their cordial assent—no, I do not say I do that, because I do not ask them to accept the enormous figures of last year, the mistaken calculations of last year—I pointed out the errors in those calculations last year amounting to some 26 millions odd dollars, and I am inviting them now only to swallow the reduced figures. Well, the Government's view was that there would be 10,880,000 acres of railway lands sold within the next ten years. Of course, these lands would be spread over all the ranges, the view being that the reduced price compensated for the increased distances. That gives you for the inner half 25,000,000 acres, 5,440,000 acres, and for the outer half the same amount. The result of these calculations would be, giving to the Company the proceeds of the sale of the half of the total lands, allowing their proportion on the true average—not on the average the Government calculates,—which is higher, \$11,269,000 in the ten years. But then that is the gross as to the expenditure; if we adopt in all, for surveys and management \$2,400,000, I shall divide that sum into two parts, assigning \$1,200,000 to the homesteads and \$1,200,000 to the railway lands; and as the Government bears all the expense of the surveys and management, I attribute to the Syndicate \$270,000 of the \$1,200,000, and to the Government the remaining \$930,000 on the railway lands sales. The result is a net return in ten years of \$11,000,000 to the

Syndicate on the railway lands, there becoming due thereafter to it on the same sales, \$8,580,000, making an aggregate of \$19,580,000 actually got in part and in part due and bearing interest, while the Government having the outer belt only of the railway lands, for their proportion of sales, on an equal area receives only \$3,863,000 within the ten years. It loses \$930,000, the cost of the surveys on the whole belt and of management, receiving a net amount, if it comes in, of \$2,933,000, and to come due thereafter \$2,942,000, an aggregate of \$5,875,000. But that, of course, is not all, according to the calculations of hon. gentlemen opposite, that Government will receive, because we have yet to deal with the homestead fees and pre-emptions, from which Government expected the large sum of \$10,621,000; from which deduct \$1,200,000 as half the expense of surveys and management, and you have a net amount of \$9,421,000 to come in, and \$9,590,000 to come due thereafter, or a total of \$19,000,000 net from homesteads and pre-emptions to accrue to the Government. The sum from railway lands and pre-emptions coming in within ten years is, therefore, \$12,350,000. But \$12,350,000 net is not near enough to pay the interest on current expenditure. So, adopting the calculations of the hon. gentlemen opposite, and confining them to the bargain, the Syndicate will have realized out of its lands, selling only as much as the Government expect, some \$1,000,000, and have some \$8,500,000 due. They will have been practically able to pay off the whole amount out of 5,400,000 acres necessary to build the railway, in addition to what they have got from the country, while the Government, for its \$60,000,000, will have got in a sum that will not nearly pay the interest on those \$60,000,000, leaving the whole of its capital account untouched. Do you tell me you will get more for your lands, that your prospects are brighter, that you may expect more than the figures I have given? Tell me how much more you will get, and then we will calculate how much more the Syndicate will receive. Because, if you get very much more than your own figures show, it follows that the Syndicate, the owners of the railway, the owners of the choicest lands, and possessing those energies and powers for which the Minister of Railways has given them so much credit, will get very much more proportionately, than you; and, therefore, if you double the figures for what you will receive, you may more than double them for the Syndicate's returns, and show that, in ten years, they will not merely have built the railway without extra outlay, but have more than doubled their receipts from the lands. Do you tell me that I value the Syndicate's gains too high? It is not my estimate, it is yours. Do you tell me your estimates are erroneous, are too high for *their* lands? How much less, then, may we expect for *your* lands. If they must expect less for theirs, you must expect less for yours—less than the paltry sum which you have estimated, and so much the worse for the country which will receive little relief from the sale of its lands—not even a fraction of the interest on the capital expenditure to which I have referred. By the old plan, if we built the railway we had it. By the new, we are to pay for it handsomely, with a very large bonus to the builders, and then they are to own it. The heaviest sections are to be built by us. Hon. gentlemen opposite talk of finality. Do we know absolutely what our obligations are? They say that one of the great advantages of this business is, that if the expenditure by the country is large, at any rate we know the limit. Well, what was the indeterminate character of the business before? It was that we did not know how much it would cost us to construct the railway. But we are now going to construct a large portion of the railway. We are not limiting ourselves to those very expensive portions under

contract, but are undertaking a new piece, and, for ten years to come, we shall be still building on the Canadian Pacific Railway, and the indeterminate character of the transaction in this particular will remain; and, unless we are fortunate enough to possess during all that time a Minister of Railways able to bring down annually decreasing estimates of the cost of the work to be performed, we shall experience no little anxiety in regard to the public obligations and prospects. It is obvious, from the estimates of the Minister of Railways, that the situation under him is not quite so alarming, but still it is tolerably alarming, with regard to the want of finality. If I were, however, a supporter of his Government I would venture to suggest the exercise of that admirable diminishing faculty of his to relieve the question from these serious considerations. It could not be a subject of uneasiness to us that our obligations were indeterminate when all that we had to do was, on coming to Parliament, to learn how much less the railway was going to cost this year than the estimate of the year before. However great the cost of the British Columbia section, we have to build it, from Kamloops to Port Moody; and as to the finality, otherwise, what is the extent of it? There has been a great deal said as to the financial capacity of the capitalists who are to build this road. The hon. Minister of Railways himself alluded to it in vigorous terms, the other day, pointing out that it afforded a perfect security to the country. From what I observe, then, I conclude that these gentlemen, having some money to risk, are quite determined that if there is to be any question of finality in this business, it should be settled on their side. In the terms of this contract is a special provision that it shall not go into operation unless there is an Act of incorporation, and that the contract is to belong to the corporation, and that the individual contractors are not to be liable. We have got the seal as our security, with the deposit. Well, the hon. gentleman declared, with his happy faculty of making the best of all unhappy circumstances, that, upon the whole, he thought it would be a very much better thing that there should be no security at all; whereon, I suggest that it might be a good thing to allow the Syndicate to amend their bargain, by striking out that deleterious provision as to the security of the \$1,000,000. If it is bad to have any security, why should the Government prove such traitors to the country, as to insert the security clause? But, if it is good to require that security, let us remember that it is all we have. We have not even the individual security of those gentlemen. We have not the personal responsibility of these gentlemen,—we have nothing at all except the million. Well, now, if security is wanted, that security is inadequate; security will only be wanted on such an enterprise as this, if all the calculations of the Government, all these figures of theirs which I have now been developing, turn out wholly fallacious; if this enterprise becomes entirely disastrous—if there is an utter collapse of some kind or other; and if there is, it is not a million, Sir, that will stop that gap. Extraordinary, Mr. Chairman, as the whole price is, its distribution between the sections is still more remarkable. The prairie region, nine hundred miles, is the eastern part of the central section. One thousand miles of that region was, last year, estimated at \$13,000 a mile, which would be, for the 900 miles that I am now considering, and which have been defined by the contract, \$11,700,000. But that would be an over-estimate of the cost of 900 miles, because the western 100 miles which has been lopped off from the 1,000 miles and assigned to the western end of the central section, is confessedly much heavier. It belongs to the mountain region, and, I suppose, that is one of the reasons why that different disposition and division was made. Well, of course, if you take an extremely heavy 100 miles from the 1,000 which

averaged only \$13,000 a mile, you get a lower average for the remaining 900, and I assume that we may take off \$1,000 a mile for the 900 miles and add that amount, or \$900,000, to the 100 miles as the extra cost of the 100. That reduces the cost for the 900 miles to \$10,800,000 in all, or \$12,000 a mile. Well, the cash to be paid for the construction of the central section, which, as I have shown you, according to last year's exaggerated estimates, was to be \$10,800,000, is \$9,000,000, leaving a sum to be provided otherwise than by the country of only \$1,800,000 to construct that line for 900 miles. Well, to meet that dreadful deficit upon this section of 900 miles, what is the prudent compensation which an economical Government, regardless of the interests of the country, has provided? Sir, it is 11,250,000 acres of choice lands worth, at \$4.04 per acre, \$45,450,000; at \$3.18, \$35,775,000, and at your miserable \$2, \$22,500,000. The excess over cost is \$43,650,000, or \$33,975,000, or \$20,700,000, according as you take your choice of the estimates of the value of the land. Take the last and you get an excess of over \$20,000,000 profit on the construction of the central 900 miles alone. The price then assigned for this section alone is four or five times the cost of constructing the section. The mileage cost, as I have stated, is \$12,000, the cash receipt \$10,000, leaving a deficit of \$2,000 a mile; the lands \$50,000 a mile at the \$4, making a surplus of \$48,000 a mile at that rate, a surplus of \$37,750 at the \$3.18, and a surplus of \$23,000 a mile at the \$2 valuation. So that for this section which can be built out of the land itself, which is running through the land, which is the easiest to build, which is the most sure to pay—which is so sure to pay that you propose to throw upon the back of that middle section, the heavy burden of the two ends of the line—for this section you are giving at the very lowest calculation, a profit at the rate of \$23,000 per mile to the Syndicate for its construction, that is at last year's estimate. If you take this year's and apply it to that section, you find the \$9,780,000, the deficit \$780,000 only, and the surpluses increased to \$44,850,000, or \$36,550,000, or \$23,520,000, according as you value the lands. You find the mileage cost \$10,700, leaving a deficit of only \$700 per mile. You find the surplus \$49,300, or \$39,100, or \$24,300 per mile, as you take the estimates of the value of the lands. Now, let us get the estimate of the next section from Jasper House to Kamloops, 450 miles. The 100 miles which has been taken off from the central 1,000, I take, of course, at \$13,000 per mile, the average of the whole of that section, and add to it the \$900,000 which I took off the 900 miles, making for that 100 miles \$2,200,000. The residue, according to the estimate of last year, would cost \$15,500,000 to Kamloops. Add half a million, being one half of the extra million assigned to British Columbia, and you find a total of \$18,200,000 as the cost of that 450 miles. The cash to be provided is six millions of dollars; the deficiency to be met out of lands on this section, with reference to this difficult piece of work is twelve millions of dollars. The lands amount to seven and a half millions of acres. At the first rate they would produce \$30,300,000. At the second \$23,850,000, at the third \$15,000,000, leaving a surplus at the first rate of \$18,100,000, at the second rate \$11,650,000, or at the lowest valuation of the lands, \$3,000,000. The mileage cost is \$40,444; the cash receipts per mile \$13,333. If you add the land at the highest rate, it gives a surplus of over \$40,000 per mile; at the second rate, a surplus of \$26,000 per mile, and, valuing the land at only \$2 per acre, a surplus of \$6,222 per mile. The cost to be provided for over the amount of the subsidy for each mile of this road is \$27,111. But if you take the new estimate, of course the cost is reduced from \$18,000,000 to \$16,200,000. The deficit, therefore, over the cash subsidy is \$10,200,000, and the surplus would be \$22,500,000, or \$16,000,000, or

\$4,500,000, according as you value the lands at either of the three sums which I have rated them at. The mileage cost would be \$35,600, leaving an excess of \$50,000 a mile, or \$30,800 a mile, or \$11,000 a mile, according as you value the lands, and the cost to be provided out of the lands would be \$22,300. So you see here there is a margin, though by no means so handsome as the margin that is to be derived from the construction of the central section. The eastern link is 650 miles in length, the cost of building which is estimated at \$21,666,000. The cash subsidy is \$10,000,000, leaving a deficit on the cash subsidy of \$11,666,000. The lands would produce \$25,250,000 at the highest rate, giving an excess, after paying the whole cost, of \$13,584,000; at the middle rate, \$19,875,000 or \$8,210,000 of excess, and at the lowest rate \$2 per acre, \$12,500,000 or \$833,000 of an excess. The mileage cost is \$33,333; the cash receipt per mile \$15,384; adding the land at the highest rate it gives a surplus of \$20,895; at the middle rate, \$12,626; and at the lower rate, \$1,267 per mile. The sum to be provided out of the lands, is \$17,949. According to the new and reduced estimate the cost is cut down to \$19,300,000, making the deficit on the cash subsidy only \$9,300,000, increasing the surplus, as you estimate the value of the lands, to \$15,900,000, or \$10,500,000, or \$3,200,000. The mileage cost is \$27,667; leaving a surplus per mile of \$24,500, or \$16,000, or \$4,650; and the cost to be provided out of the land is \$14,300. So that you see that if the Lake Superior line were to be abandoned the Company would get an enormous share of what was attributable to this contract on the whole, and would be able to make millionaires of themselves long before the period of abandonment had taken place. Now, the hon. gentleman says that he wants the prairie portion built fast, and because he wants it built fast, and because it is inconvenient to the members of the Syndicate to provide the funds, he undertakes that the public shall provide them, and, because he wants the prairie section built faster, he takes the cash that ought to belong to the other sections, and should have been reserved for the securing of their construction, so as to make it easier for them to do this work. He says "what thou doest do quickly." Now, Sir, the general result is, that on the old estimates there is but \$2,000 a mile deficiency over the cash subsidy on the prairie section; on the western, there is \$27,000 a mile, and on the eastern end there is \$18,000 a mile. According to the new estimates, there is \$700 deficiency only on the cash subsidy on the prairie sections, \$22,300 on the western, and \$14,300 on the eastern. Can that be explained, can it be defended, even admitting that the intention is, in a business-like manner, to secure the construction of the road from end to end, that means should be given in cash which are properly belonging to the ends of the road, to be used and absorbed in the construction of the prairie section? By this, as each 20 miles of line is built on the prairie, an immense block of land will be handed over absolutely to the Syndicate, which is wanted to secure the end of the line. Well, the hon. gentleman says that they have got a grand security for its construction. He will compel them out of the profits of the prairie line, because they will not deny that the prairie line is going to be by itself an enormously profitable one, to build this section of the road. We are told that that is to be built within three years. Of course, they will build it fast, because there are fortunes in building it fast. Every 20 miles they build gives them an immediate fortune, and, of course, they will build it with great rapidity upon such liberal terms. They may well afford, for the chance of obtaining the many millions they will secure in four years from the central section, to deposit one million which is expected to be the security for the construction of the rest. It is paying one million to get twenty millions or far more. Now, the hon. gentleman seemed to be very



much alarmed about the operating of this railway. I did not observe that there was, last year, any tremor in his voice or any signs of dismay. Upon that subject last year, the Minister stated that he believed that the road would forthwith, after payment of running expenses, pay a considerable return of interest on the money expended on its construction. I was really a little surprised that the hon. gentleman should have become so much less hopeful, seeing that everything else was so very bright and smiling. The estimates are reduced, the country is in a more prosperous state, the prospects are very much brighter, and everything has become in a better state, and I was rather surprised to find that he was somewhat dismayed, now as to the operation of the road, instead of believing that it would pay a considerable sum for interest on the capital expended. But the other day he says that he had got the security of five millions of dollars of bonds or acres of lands. Now there is an easy way of arranging about giving security, and I think that the hon. gentleman has devised a patent plan by which his objection to securities may be wholly obviated. I think he should consider whether it would not be well for him to bring it into execution. For example, supposing a contractor is to pay a million and he wants fifty thousand for security, he should say, as in old times, "take thy book and write four score," put it down as \$1,050,000 instead of a million and let us have the \$50,000 security. That would be rather an improvement upon the present plan, for in this case the hon. gentleman seems to give some ten or fifteen millions in order to get the security of five millions. I recommend him, as an improvement in his policy, not to give so much more than the security he demands. It is an easy thing to obviate the difficulty by increasing the amount of the contract without going beyond the amount of the security you exact. The provisions as to the guarantee of interest, the provisions as to the land grant bonds, are rather complicated, and I do not profess to have wholly mastered them. I should like some explanations as to them, and the explanations of the gentlemen to whom I referred would be useful. They require careful consideration in order that we may understand what they require. So far as the interests of the country are concerned, these financial propositions require careful scrutiny. As to the provision as to the Government being bound to receive upon deposit these indefinite sums, I may say this, the hon. gentleman has stated that the Finance Minister can use them. Well, but the Finance Minister may not always be able to use them. It may be that these sums may be received for a time which is not determined; it may be that he may not know how soon he may have to pay them out; it may be when he goes to his bankers and tells them that he wants to swell his balance by twenty or twenty-five millions, that the bankers may be extremely indisposed to give any rate of interest on that deposit at all. Such things have happened before, and I believe that a much more proper and prudent provision would have been this: to provide that the money should be placed in the banks, or otherwise, under the control of the Government, and in its name, the Company being allowed to make such arrangements as they can with the bankers for interest, provided that the Government may take such sums as from time to time they find they can use, at the four per cent. interest. Such a plan would give the Government the power to take upon deposit at four per cent. what the public needs may require, whilst the Company would be entitled to make such arrangements with the bankers for such sums as the Government did not take. But the absolute obligation on the part of the Government to pay interest at the rate of four per cent. on the twenty-five millions, is, I think, objectionable. Then, as to the practical operation of the proposed plan, that the subsidy shall be placed in the shape of

coupons or interest on Company's bonds. I do not know the rate of interest at which the bonds will be issued, or upon what terms, but I have assumed they would be four per cent. at 20 years, or five per cent. at 20 years; and that in either case the Government would allow interest of four or at the rate of five per cent. I need hardly say that it would be necessary, in computing the interest the Government should give in the way of coupons on the interest of the bonds, to assume that a very large sum of the total would not be payable as part of the subsidy for many years. Therefore, it seems to me that the Government should not be bound to pay interest from an earlier date, and it seems to me that the uncertainty which exists, the impossibility of telling beforehand at what time the cash subsidy will become payable in its different proportions, renders it impossible with justice and certainty to ascertain and determine how much should be given in the way of coupons. We do not know when we shall have to pay, it depends upon the progress of the work, and, therefore, it seems to me impossible to ascertain at what time the money should be deemed to be due in calculating the amount of the coupons. But supposing \$25,000,000 is to be regarded as presently payable, the results would be these:—At four per cent. bonds for twenty years, the Government allowing four per cent. on the deferred payments, there would be a semi-annual payment by the Government of \$913,823, which would represent interest at four per cent. on a bonded capital of \$45,694,053, say 45 millions and a half. The Company thus got into their hands 45½ millions in bonds at four per cent. for 20 years, the interest at four per cent. being the Dominion's bond to pay that interest, and not a guarantee, so that the public who are takers of these bonds would know there was no obligation on the Company whatever to discharge the interest, and that all the Company would have to discharge would be 45½ millions of capital at the end of 20 years. Under these circumstances they are likely to float the bonds, in the present condition of the money market, at something near par. At five per cent. the result would be that the semi-annual payment of interest by the Government would be \$975,506, and the capital sum of the bonds, say 40 million dollars. Then you have a capital of 40 millions which could surely be floated at or over par. Now the four per cent. arrangement would give for the eastern link, of bonds which are the representative of the cash subsidy, \$18,280,000; for the western end, \$10,968,000, for the central or prairie, 900 miles, no less than \$16,452,000. This is confessedly an outrageous arrangement, for the contract provides that, in this event, \$2,000 a mile is to be lopped off the 800 miles of prairie section and put on to the western end of the central section. I want to know why that \$2,000 a mile is not kept at the end to which it belongs. If it is right in the one case, it is right in all cases, and the provision that at least \$2,000 a mile should be taken from the prairie section and added to the end, in this event, shows that, in the mind of the Government themselves, they know they were wrong when they made this arrangement. These are tolerably extensive and valuable privileges which are about to be given to the Company, as the means of constructing a railway, which that Company is afterwards to own. But these are not the chief privileges. There is in this Bill one of the most extraordinary provisions. I dare say there may be found a precedent in some Act of a State Legislature, but I do not know of any. It is a grant of all powers, not merely necessary, but all powers which may be useful, in order to do all the various things they are authorized to do by the charter, and I do not know of anything they are not authorized to do. This generality of words is not to be derogated by from any particular franchises which are conceded, but it is to be as wide as can be. I suppose it is copied from the

Constitutional Act, which, besides giving enumerated powers, gives a general power, with the precise declaration to what I have referred. They have freedom to reject land they deem not fairly fit for settlement, and to choose the best land elsewhere. They have perpetual exemption from taxation of their enormous property, a most monstrous provision in my opinion. Why! this monstrosity is not to last merely twenty years, which is to be the period of bondage in other respects, but it is to last for ever. No matter how wealthy the Company may be, how enormously lucrative, this institution is to be for all time to come free from all taxation in every place in which this Dominion can free it from taxation. It is to be free everywhere from Dominion taxation in all the territories both from Dominion and from territorial taxation, wherever the Dominion can give it freedom, and that is through all the fertile belt at any rate. It is to get its rails at cost. I am surprised at the hon. Minister. After glorifying himself so much upon that admirable purchase of steel rails, after recounting over and over again how much he gained for the country in the purchase, he says it is true he does not give over to this Syndicate what he wants to lay on his own track, but the balance, he says, I will hand over to you at cost and at four per cent. interest. I forget really how much he made, although we have heard it often enough to impress it on our memory, but certainly it was a very handsome present. But, Sir, why should not the rails be taken over at the market value? And why should the country not get the benefit of that value, whatever it is. Then there is to be freedom from duty on imports. Here is protection for you! I understand that those interested in some of the languishing industries of the Maritime Provinces and elsewhere have been looking ever since the hon. gentleman announced the speedy construction of the Canadian Pacific Railway, and hoping for the day to come when they should revive their industries and open their workshops to produce those things required in the construction of that road, and now we hear that the great advocates of protection, the inaugurators and perpetuators of the National Policy, have got this message for their unhappy manufacturers: You shall not be permitted to manufacture those things because you cannot manufacture them so cheaply as the Syndicate can buy them elsewhere, and whoever else may suffer, whoever else may have to pay higher prices than you may live, our good friends the Syndicate may have liberty to buy in the cheapest market and sell us afterwards in the dearest, and that they may do so, we will give up the import duties on the goods they want. Then, Sir, there is freedom from taxation for the lands for the long term of twenty years. And that term of twenty years is from the time they acquire the lands, and, therefore, it is longer than twenty years from now. It is, perhaps, on the average, twenty-five years—nay, more than that. I am not at all certain that it may not be very easy to arrange to make it longer, because, by a convenient arrangement by which they do not take out the patents until they want to sell, they can keep them free from taxation until they choose to put them in the market, indefinitely, indefinitely—until it suits them to dispose of them. The hon. gentleman says, perhaps, it does look awkward at first sight; but if the Government, who own the lands, were to build the railway the lands would not have been subject to taxation, and why should they be when they are placed in the hands of the Syndicate. It does not seem to me that because the Government, in the interests of the country, and for the public good, could construct the railway, the Syndicate, who are getting the bargain to which I have referred, should have this privilege. Why it is turning the Syndicate into the Government—putting them in their places to a considerable extent. But, Sir, I say there is a difference between a private interest and the public interest. With the Government in possession of these lands, do you sup-

pose they would delay a day in selling them because they are exempt from taxation? Do you suppose that the possession of these lands, free from taxation would render them less earnest or less eager to sell? Not so. Their interest would be only to sell, and to sell rapidly. But the interest of the Syndicate is to make as much money as they can, and more money is to be made by delaying than by selling, their interest will be to delay, and to have as little expense as possible meantime. All their lands are exempted from taxation in the North-West Territories for a generation to come. What a discouragement this is to the settlers along the line of railway, to those who are settled on the homesteads, and pre-emptions alternating with these blocks of land which are to be the property of the Syndicate. We know the result of exemption from taxation. We saw it on a small scale in the city of Toronto not long ago. Our lawns there were exempted from taxation because it was supposed that it was a good thing, for the public, that there should be these open spaces in the city. Happily the exemption has now been removed; the proprietors of these lawns have to pay taxes upon them. The result is that they are putting them in the market. They said to themselves before, "We have nice lawns; we enjoy them very much; they are gradually increasing in value as other property in Toronto becomes more valuable, and we are paying no taxes. Other persons who are operating in lands are paying heavy taxes; we turn our land into lawns, we need pay no taxes, and we can afford to wait a long time, and make our profits free from taxes." That is the effect on a small scale, upon a man's mind, of exemption from taxation. That on a gigantic scale will be the effect of exemption on the Syndicate who can hold their lands from year to year for twenty years, without any drawback in the way of taxes. And for that the progress of this country is to be interfered with. There can be no greater obstacle to the progress of that country by the encouragement of other settlers than that large spaces of unoccupied lands should alternate with settler's farms. We, who are familiar with the early settlement of this country, all know the effect upon farmers holding even smaller areas—farms of 100 or 200 acres—by the intervention of unoccupied spaces between such farms; we know that the farmer's disadvantages are trebled because there is not continuous settlement; he lacks the joint fencing, the road work and the neighbor's assistance, and all those other things which increase his capacity for making his land valuable and productive. Now, add to the difficulty which exists in that respect, which the largeness of that area will enhance, at any rate, in a large degree, the fact that there is no power to impose municipal taxation on 25,000,000 acres of the choicest lands, those nearest to the railway, and you place a bar to progress and render it impossible to get over the difficulty; you say that the cost of roads and bridges, school, and other municipal taxes will have to be imposed on the settlers, to enable the worthy Syndicate to hold their lands until the reduced labors of those settlers shall have sufficiently increased the unoccupied areas in value to induce the millionaires, the holders of the lawns of the North-West, to turn them into money. Why, Sir, it was only last year in the discussion of this subject when we objected to the speculator holding land, when we said to the hon. First Minister that settlement would be impeded by areas of land being held by persons who were not bound by conditions of settlement, that he answered us by this very argument. He said: "They will be compelled to sell and settle because they will be taxed into it. Municipal taxes will compel them to do it, and therefore your fears are void." That was his answer to our argument; but where is that answer in the face of this contract? As to the 25,000,000 of the choicest land next to the railway, the only thing the hon. gentleman could bring forward to prove that great injury would not be done by not

assigning conditions of settlement, is removed in favor of this unfortunate Syndicate. I say, Sir, that if they are going to establish an immigration agency it would probably be to their interest to see the free grants settled, and they could afford to hold over a very large area of their territory until the labor and industry of the free grant settlers had made the roads and bridges and improved their farms, and thus made their untaxed domain valuable. I know that there is another element that is calculated to induce them to settle the land early; I am aware that there is a large element of profit to be derived from settlements by railways. I know that, in the prairie country, we are told that ten miles on each side of a railway will support a railway. Yes, Mr. Chairman, I believe it to be true, but what makes it true? Why it is the rates they charge. It is because they are landlords of the area of twenty miles. That is the reason it is profitable, and unless you have given them power to exact those extortionate rates, they will not have the great interest to which I have referred, to get settlers on their lands. Then there is, it seems to me, a practical privilege of abandonment, for I do not see anything in this contract of reverter of the railway to the Government, or reverter of the lands to the Government, in case they fail to complete the ends, or either end after building the middle. Again, they have great privileges as to telegraph lines, as to elevators, and we know what extortion is practiced by combined elevator companies, and as to other matters. Again, they have the right to build railways just wherever they please. The hon. gentleman said: "What, do you complain of that? Why, in the United States any man can go and build a railway wherever he pleases." The hon. gentleman has become in the course of this discussion, an ardent admirer of United States legislation. I want to remind him that whatever the virtue of that mode of legislation may be—and it is not now under discussion—we are not contrasting the situation of the Syndicate with reference to the happy inhabitants of the United States who enjoy those privileges; we are contrasting the position of the Syndicate with reference to Canada and Canadians, and their roads, and the legislative policy that exists with reference to private persons building railways in this country. These are what we have to compare, and the comparison is not satisfactory, irrespective of the special provisions of this contract, because it has not been our way to give to any individual or number of individuals the power of making and declaring themselves a corporation and taking possession of lands and building railways wherever they pleased. If the hon. gentleman is disposed to devise a general policy of that kind, let him bring it down and dispose of it *pari passu* with this measure; but if he gives this railway power in such a manner as to render it difficult to grant charters to other companies, do not let him tell us that he is putting the Syndicate on a level with his fellow countrymen—with other Canadians—when he says that they shall have what no other Canadians have power to do, power to build railways wherever they please. Sir, it is a serious matter to say to all the rest of the world, you must come to Parliament and run the risk of getting a bill through, and getting it on whatever terms the Government may decide, while these people shall have the right to build wherever they may choose. It tends to prevent people from coming to Parliament to get legislation. They will say, "What is the use of us going down to Parliament. The moment we find a scheme for a road, make explorations and surveys and prepare our bill, the Syndicate, which is rolling in wealth, will just fyle a plan in the Secretary's office and go on and build the railway;" and if they do take some steps to carry out their project, the Syndicate may step in and run their railway in a way highly prejudicial to their interests. It would not only give the Syndicate privileges and advantages and

monopolies which are refused to all the rest of the world; but they have the right to build anywhere; they have the right to choose their route—there is no restriction on them as to the course their railways are to take. They may go south with their main line. They may, instead of making it the backbone of that country, instead of placing it in the position approximately in which it is now placed, sweep down very much to the south and take into their main line the whole of the traffic, and thus prevent any kind of competition almost, and greatly deteriorate from the advantage of the railway as a great central line intersecting that country. It is true we have a protection. We have the protection of the consent of that Council which has signed this contract, but what kind of protection that is, Sir, I will leave to you to say. But they may do something more; they may run branches anywhere north, anywhere to the south side of their line. Yes, anywhere to the south or south-west, anywhere southerly, anywhere westerly, yes, no prohibition for them. They can go down, if they please, if it is to their interest, down by the Turtle Mountain to Sault Ste. Marie, or any way which will connect them with the St. Paul, Minneapolis and Manitoba Railway, if only they can get on good terms with that corporation, if only they can agree with themselves, for we know they are in fact and substance the St. Paul & Manitoba Railway Company, and though they are perfectly free to go where they like and make any arrangements they please with American lines, nobody else must. Oh, it would never do, after you pay them a price and a half for building the road and give it to them and allow them to take whatever they please for fares and freights—it would never do to allow any one else to build south or south-west. No; they must be protected in their vested rights, and there is a prohibition for twenty long years that no one else can construct any line which shall go south or south-west of any line which shall go within fifteen miles of that abominable boundary. But they may go themselves; they only may touch it, they can do no harm. They are the country, they are the Government, and, of course, they can do no wrong; but all the rest of us are prohibited solemnly, by the Parliamentary contract, which binds our descendants as well as ourselves; binds all those who may be induced to go into the North-West; declares that in the constitution of any new provinces to be created out of that vast territory there shall be inserted a constitutional provision divesting the inhabitants of that country of the right to build railways wherever they may think advantageous to them, and leaving them to the mercy of the Syndicate. They have the absolute right; you cannot restrict them; you cannot say others can build with the consent of Parliament, for the Syndicate have the absolute unconditional right to build in a way from which every body else is absolutely excluded. Now, there is in this a practical monopoly of the trade of the North-West Territory secured by law for at least twenty years, and it probably means in *perpetuum* to this corporation. There is no security for the accommodation—none for the accommodation whatever. Those men are to have the absolute powers, but there is no security as to the class of accommodation they are to give to the public, and there is no practical security for the rates. The hon. gentleman referred to the clause in the General Railway Act, and he glorified himself in the fact that the Government had been so careful of the interests of the country that they had actually imposed certain limitations upon this corporation which did not exist in the Railway Act. That Act says that 15 per cent. profit shall be the minimum below which you shall not reduce the tolls; we have cut it down, he says, to the modest figure of ten. Now I need hardly observe that this corporation stands in a somewhat different position relatively to Parliament and to the country from the great mass of railways in Canada. The great mass of railways in this country have been constructed out of resources



mostly provided by private individuals. Considerable sums have, from time to time, been given by way of aid or subsidy by the Government towards the construction of some lines, but the main portion of the capital of these railway companies is private capital. What restriction you may impose upon private capital so long as you depend upon private capital to take the risk of constructing a railway is one thing; what temptation you may deem it necessary to offer to private capital in order to induce it to enter into that channel is one thing; but the same considerations are not at all applicable to a case in which you say to some individuals: Gentlemen, we will give you as much and half as much again as is necessary to build this railway, and we will let you own it afterwards. It is not the work of private capital at all. These men will, for a little while, until they make some land sales, invest four or five millions which will be recouped to them within a very brief space of time, and then they will have this enterprise without having sunk a dollar of their own money in it, and will have millions of acres besides. In such persons, so situated, who are to run a railway which has been built by the country for them, we may fairly expect more rigid, instead of less rigid, limitations as to rates and fares, and a corporation, possessing such extensive privileges as these, such privileges for extending lines all through the North-West, and forestalling the construction of competing lines, such statutory privileges for preventing other people from building commercial lines which might interfere with them, on the express ground that their building might interfere with them—on such a corporation, possessing all these advantages, and with no disabilities, we may expect to impose more rigid limitations and regulations as to what they will give to the public for the great deal the public is giving to them. Well, Sir, what have we given them? The General Railway Act, in its 17th section, provides:

"9. No tolls shall be levied or taken, until approved of by the Governor in Council, nor until after two weekly publications in the *Canada Gazette*, of the by-law establishing such tolls, and of the Order in Council approving thereof:

"10. Every by-law, fixing and regulating tolls, shall be subject to revision of the Governor in Council, from time to time, after approval thereof; and after an Order in Council, reducing the tolls fixed and regulated by any by-law, has been twice published in the *Canada Gazette*, the tolls in such Order in Council shall be substituted for those mentioned in the by-law, so long as the Order in Council remains unrevoked.

"11. The Parliament of Canada may, from time to time, reduce the tolls upon the railway, but not without consent of the company, or so as to produce less than 15 per cent. per annum profit on the capital actually expended in its construction; nor unless, on an examination, made by the hon. Minister of Public Works, of the amount received and expended by the company. The net income from all sources for the year then last past, is found to have exceeded 15 per cent. upon the capital so actually expended."

I am not aware of these powers of reducing tolls having been used, either by the Governor in Council or by Parliament, and I believe the existence of such powers, in the case of a corporation like this, to be wholly nugatory. I do not believe these tolls ever would be reduced by the Governor in Council if the Governor in Council was given the unfettered power of reducing them when once established. He is, by the Act, given the unfettered power of reducing them when once established, but the Syndicate, in this respect also, enjoys a limitation of the power of the Governor in Council that no other railway company enjoys. A private railway company, built with private capital, at private risk, and serving the public at the risk of its own capital, may technically, under this section, be subject to have its tolls reduced by the Governor in Council, at the discretion of the Governor in Council. But the Syndicate has this special privilege, granted by the 90th section of its Act of incorporation:

"The limit to the reduction of tolls by the Parliament of Canada provided for by the eleventh sub-section of the 17th section of the *Consolidated Railway Act*, 1879, respecting tolls, is hereby extended, so that

such reduction may be to such an extent that such tolls when reduced shall not produce less than 10 per cent. per annum profit on the capital actually expended in the construction of the railway, instead of not less than 15 per cent. per annum profit, as provided by the said sub-section; and so also that such reduction shall not be made unless the net income of the company, ascertained as described in said sub-section, shall have exceeded 10 per cent. per annum instead of 15 per cent. per annum, as provided by the said sub-section. And the exercise by the Governor in Council of the power of reducing the tolls of the company, as provided by the tenth sub-section of said section seventeen is hereby limited to the same extent with relation to the profit of the company, and to its net revenue, as that to which the power of Parliament to reduce tolls is limited by said sub-section eleven."

So that while the Governor in Council has, as applied to other railways, an absolute power to reduce the tariff of tolls at any time, the Governor in Council, as to this railway, cannot reduce any tariff of tolls unless to a point at which they will produce not less than ten per cent. per annum profit on the capital actually expended in the construction of the railway. And is it because it is not the Syndicate's money—is it because it is our money—on which the ten per cent. is to be paid, that they are to be secured, while private capital is exposed to a lower dividend? Why is it that they are not to be subject to the Order in Council to as full an extent as all other railway companies are subject? Why is it that the power of the Governor in Council is limited to this ten per cent.? Now, let us discuss this ten per cent. a little. The hon. gentleman ventured the suggestion the other day that this was on the Company's own private capital, but he will not find that suggestion borne out. I shall be very much pleased if the hon. gentleman is able to obtain a declaration from the members of the Syndicate, that what is intended is, that they are to get not less than ten per cent. of the money they themselves put into the railway. That nothing that comes from the country—that the Thunder Bay branch, for instance, is not included—that the railway in British Columbia or the Pembina branch is not included—that the proceeds from the sale of lands is not included—that only that, which, after the public resources are exhausted, they take out of their own pockets, is to bear this ten per cent. If the hon. gentleman will say so, he will remove a large part of my objections to his contract. But he cannot say so; it is not the agreement; it is not the contract; it is not the law. If this contract passes in this shape, the capital, no matter from what source—though it represents the money we have put in, and the money we are going to put in and the proceeds of the land we give—is the capital spent on the whole of that undertaking called, by the Act, the Canadian Pacific Railway, which is entitled to bear ten per cent. And if you say that I under-estimate the cost of the road; if you tell me, so as to make out that they have got a worse bargain, that the road is going to cost them \$120,000,000, then they can take \$12,000,000 a year in tolls, and that without expending, even for a brief space, more than \$5,000,000 of their own capital. They are first of all to take enough of the profit out of the middle and paying part to work that part, and then they are to take profit enough to work the British Columbia end and the Lake Superior end, and after they have taken enough to pay the working expenses of the whole line, after having taxed the farmers of the North-West with enough money to pay the working expenses of the whole, they are then, after all, to set the profit at what rate they please to put it. Call the cost of the road \$90,000,000, that is \$9,000,000 direct profit. Call it \$120,000,000, that is \$12,000,000 a year before you can reduce tolls once established. It is contemplated they shall get ten per cent. interest. You make a provision that their rate of profit shall not be less than ten per cent. in effect so far as you can make that provision. Besides, you will fix these tolls, in the first instance, with reference to the larger running expenditure that will exist and smaller returns that may at first exist. The Syndicate will reasonably say, fix a toll at a rate which will make

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the railroad pay or help to pay under existing conditions. You fix it, and once fixed you can never alter it until the day arrives at which the Company is getting \$9,000,000, or \$12,000,000 a year profit, after paying all the expenses of the road. Nor is that all. The hon. gentleman has taken the Union Pacific as his standard, and there may be a construction company, there may be a Canada Credit Mobilier, there may be arrangements which would easily swell the nominal capital account to the \$150,000,000, so that it may appear that the \$150,000,000 had been expended on the construction of this railway, though it may have cost only \$90,000,000 to construct it. The hon. gentleman has himself shown us how men are deceived. He, the man who is chiefly responsible for the making of this contract, who submitted it to Parliament, who inserted this clause that the Union Pacific should be the standard, actually did believe that the Union Pacific did cost the \$130,000,000 he mentioned. I have shown you it cost nothing like that sum, that the amount was a nominal one made up by fraud, by all the devices which can be resorted to in such cases. If the hon. gentleman did not know that the actual cost of the Union Pacific, built as it was, as I have said, was much less than the nominal cost, how will his friendly eyes ever open to the conception that it is possible a similar result may be reached in the case of the Canada Pacific Railway. We have yet to take hold of another, the lessons of experience. A few years have pointed out the real dangers that exist in this connection. Within a few years past the people of the neighboring Republic, having the greatest development of railway enterprise in the world, having, I suppose, in round numbers, some 90,000 miles of railway running there, have had the opportunity of knowing, and, by sad experience, do know, what the difficulties and evils are which are incidental to those great benefits to humanity, railway corporations, and railway enterprises. The peculiar circumstances favoring with us, the growth of the evils of monopoly, render it still more necessary that we should see what those evils are which are experienced elsewhere, and devise some means of averting them instead of blindly going on as if there were no evils, or as, if there were evils, that were not capable of being averted. Sir, these people will become the landlords of the North-West. They will take such a share of the profit of every farmer in the North-West as they choose to demand, consistently with there being any stimulus on the part of that farmer to raise grain for the market. They are not entitled to ask, Sir, for the privileges given to men who build railways at their own risk. They do not occupy that position. You are giving them the money to build up a monopoly of trade, and giving them statutory security for that monopoly, and you are bound to restrain them. Their exceptional position obliges you, if even the general evils did not, to restrain them. Talk to me of this thing standing. It will not stand. If you pass this law, and if the country of which you speak so glowingly is what you depict it, if its prospects of settlement are such as you hope they are, I say you are blighting these prospects by passing this law; and if those prospects are measurably realized, notwithstanding the passing of this law, I say the people of that country would be less than men if they suffered such a law to exist. Talk of the immigration of Irishmen to the North-West. You are proposing to them to substitute the scorpion for the rod. You are proposing to those who are suffering under the tyranny of individual landlords, to expose themselves to the soulless tyranny of a gigantic corporation. You are telling them that their chance of profit is to depend on what this corporation thinks they ought to pay as tribute before they can take their produce to market. I have referred to some of the acts of railways that are in this position. I have referred to what the St. Paul and Manitoba Railway do. I do not believe they are an exception. They all

do it when they can. I believe it to be the standard of morality of railway men throughout the United States that they are to take whatever the traffic will bear so long as they do not take so much as will prevent the continuance of traffic. I believe they take just as high rates as they can get everywhere, and I will prove that by good evidence in a few moments. I said the other, the quotation for wheat from Emerson to Toronto, was forty-five cents. The rate at a fair paying rate would be  $1\frac{1}{2}$  cent per hundred miles, or  $17\frac{1}{2}$  cents for the distance, 1,300 miles. In point of fact, I believe the rates from St. Paul down to be much lower than  $1\frac{1}{2}$  cent a bushel, and consequently a much larger proportion than that would amount to, goes to the St. Paul and Manitoba Railway. But, assuming there will be, according to that calculation, a just compensation of  $5\frac{2}{3}$  c. you have 27 c. per bushel over a fair transport charge; and if you give 25 bushels to the acre, for the early years of the fertile Red River Valley, it means, after paying a fair charge for transports, a tax of \$6.82 c. an acre on the farmer for every acre he puts into wheat. And the rate quoted at the largest mill in Minneapolis, perhaps in the world, on the 14th December last, a special rate, and it is one of the clauses of their creed to do business largely in special rates—the very best available was from Emerson to Minneapolis 21c. per bushel. Ample payment would be 5-20 at the average. The result is, the surplus charged 15-80, for that special rate. That would be a rent of \$4 on every acre in wheat after payment of the fair charges for transport, and that is the position of the man at the boundary. In what position will be the man 200, 300 or 400 miles inside the boundary or further west? Of course the railway men cannot go on charging at this rate for the greater distance, because there is a limitation to their charges, which cannot exceed what the traffic will bear. But that is the only limit. But how does this rate act on the frontier? For a long time a great deal of the furniture needed will be imported—a point not more important to the farmer than the manufacturer. A car load of common furniture is worth, on board, in Ontario, \$700. The freight all through, from any point in Ontario to Winnipeg, will be about \$280, or 40 per cent. on cost. Add merchant's profits on that, \$280, or 25 per cent., and you have an additional cost to the consumer of 50 per cent. That is rather an alarming statement. In addition to this increase of 50 per cent., to get the furniture into Winnipeg, how much will be laid on it to carry it into the interior at those rates? But dealing only with Winnipeg, if the same rates, proportionately, are charged on furniture that are paid by agricultural implements, the settler would be seriously oppressed; the St. Paul and Manitoba Railway, having a monopoly, is charging on the furniture, after payment of fair rates for transport, a tax of  $18\frac{1}{2}$  per cent on value. If that rate is not charged, I have no doubt it will be found that one will be charged amounting to  $12\frac{1}{2}$  to 15 per cent on the value of the furniture over a fair rate of transport. No wonder you want a very high duty to keep out furniture made near the border on the American side. I have here quotations of the rates on the general classes of freight, showing the rates of freight between Toronto and Winnipeg. For first-class freight from Toronto to Chicago, 515 miles, 60 cents; from Chicago to St. Paul, 409 miles, 75 cents; from St. Paul to St. Vincent, the monopolists line, 390 miles, \$1.50; from St. Vincent to St. Boniface, 67 miles, 25 cents. Second-class freight: from Toronto to Chicago, 50 cents; from Chicago to St. Paul, 60 cents; from St. Paul to St. Vincent, \$1.30; from St. Vincent to St. Boniface, 21 cents. Third-class: for the first distance, 515 miles, 40 cents; for the second, 409 miles, 45 cents; for the third, through the happy region to St. Vincent, 390 miles, \$1.10, and the fourth, St. Vincent to St.

Boniface, 19 cents. Fourth-class freight: first distance, 30 cents per 100 lbs.; second, 35 cents; third, 90 cents; fourth, 14 cents. I dare say these figures will be found tolerably alarming. They show profits very much more than fair compensation. They are monopolists' figures, first compensation and afterwards a tax or duty as large as it is thought the traffic will bear—a burden upon the consumer and producer of the most dreadful character. I said I would give some evidence as to the general view of railway men on this subject. It is not confined to absolute monopolists; they are all more or less monopolists. Two of the great railway presidents, Vanderbilt and Jewett, stated, I think, in 1879, the rule of the road to a committee of the New York State Legislature investigating into the tolls connected with the railways. The rule was: "Charging all an article will bear, and at the same time stimulating its production." You see I am not striking at the St. Paul and Manitoba Railway only. They all follow the same rule, but some are in a position to charge more than others, all animated by the same virtuous desire. The great mining railways simplify things beautifully. You go to the manager of one and say: I want to send some ore to such a point, what is your freight a ton? He asks how much will your ore assay? You reply, what have you got to do with that? He says: I must know what your ore will assay. If it will yield thirty dollars, then I will charge ten dollars. To the same question, if you have got ore that will assay \$300, you will receive a similar answer, and a demand for \$100 for freight, or as much as the traffic will bear. The report of the railroad company of the New York State Assembly, of 1879, says, after a year's enquiry:

"The wheat rates from Chicago to New York were raised from 15c. in August—a living rate—to 40c. in November. It cost the road as much to haul the stuff in August as in November. The rate was raised simply because the condition of the market wanted it, and the product could bear it. The wrong consists in not only performing the proper functions of transportation, but, taking into consideration the probable or possible profit of a shipment and adjusting their rates accordingly. If the shipper is likely to make a large profit, they compel him to divide. If the margin is a close one, they determine whether the shipment shall be made or not, whether it shall result in profit or loss, and the amount of profit or loss."

Now those are statements well worth pondering over. This was a committee appointed to consider the subject with reference to the State through which, you know, there passes an enormous tide of traffic, and particularly an enormous tide of that kind of traffic which for a long time to come we expect to export from our own North-West, that is grain. Through the State of New York and to the port of New York, there come millions and millions of bushels every year. They, finding these evils existing, appointed a committee to enquire and a close enquiry, lasting about a year, was made, and they found that to be the principle which the railway companies carried out as far as they were able to do so in the circumstances in which they are placed—if the shipper is likely to make a large profit they require him to divide. Discussing the very topic which is so very important to us they say:—

"The price of cereals is regulated by the demand. European demand regulates the demand at the seaboard, and this, in turn, regulates the quantity to be brought forward. . . . The price of breadstuffs is governed by the Liverpool market; the Western producer can receive for his cereals the market price thus fixed, less the cost of placing his produce upon that market; and the testimony of men who have been for years engaged in this trade, who swear from actual knowledge, is that a reduction in the rate enures to the benefit of the producer west, and does not affect the price to the consumer, while an increase in the rates would *pro tanto* decrease the price of the commodity to the producer."

There is practical evidence of that of which they give examples. There is another very interesting statement on this subject by Judge Black, which is as follows:

"The reasonableness of the freight tolls or taxes that may be charged upon any railway will depend on the expenses of running and repairing it and on the cost of construction. The latter will, of course, be the principal element in the calculation, for the tolls ought to be high enough to give the corporation a fair profit on the capital they have actually

invested. But many of these corporations have issued large amounts of stock and mortgage bonds for which the holders have paid nothing, or much less than their nominal value. Another way of enlarging their apparent dimensions is to water their stock under the pretense of increasing their capital, while in fact the additional shares are divided among themselves without putting a new dollar into the business. Of course nobody thinks that the real cost of the road is to be measured by the nominal amount of these bonds and shares. It is easy for a competent engineer to tell how much any road ought to cost, supposing the work to be honestly done and liberally paid for. That being ascertained you have the true basis of a calculation which will show how much the tolls ought to be.

"Most of our Western roads are built with the proceeds of public lands granted immediately or immediately by the United States to the several companies which now have them in charge. They did not really cost the stockholders anything, and in some cases they got lands worth a great deal more than all expenses of making, stocking and running the roads. The two companies between Omaha and San Francisco raised in cash out of Government bonds, lands and mortgages of their franchisees four or five times as much as they necessarily expended upon the roads. The stockholders, without paying anything, put the enormous surplus into their pockets. These roads thus built at the public expense, and in some cases paid for by the public five times over, are now claimed as the private property of the companies, and the right of the public to use them as highways is utterly denied; nevertheless, I think the claim of these companies to take reasonable tolls stands upon the same foundation as that of companies whose roads were built by the stockholders themselves at their own proper expense. The grant of the lands invested the grantees with a title which could not be revoked if the conditions of it were performed. If they sold or mortgaged the lands and invested the proceeds in the construction of a railroad under a charter from a State or general government which authorizes them to take a fair profit in the shape of tolls, they have as good a right to the tolls as if the capital to build the road had been raised by themselves—that is to say, those companies which built the railroads with capital donated by the public have the same right as other companies to charge a reasonable toll, but their demand of excessive tolls, though not worse in law, seems in the eye of natural reason a greater outrage.

"If railroad corporations have the unlimited power which they claim, then all business is at their mercy. Agriculture, commerce and manufactures must suffer what they choose to inflict. They may rob labor of the bread it wins and deprive all enterprise of its just reward. Though this power does not belong to them legally, they have been permitted to usurp it, and I need not tell you that they have grossly abused it. They avow that they make their exactions with an eye single to their own advantage, without considering any right or interest of the public. They boldly express their determination to charge as much as the traffic will bear; that is to say, they will take from the profits of every man's business as much as can be taken without compelling him to quit it. In the aggregate this amounts to the most enormous, oppressive and unjust tax that ever was laid upon the industry of any people under the sun. The irregularity with which this tax is laid makes it still harder to bear. Men go into a business which may thrive at present rates, and will find themselves crushed by burdens unexpectedly thrown upon them after they get started. It is the habit of the railroad companies to change their rates of transportation often and suddenly, and in particular to make the charges ruinously high without any notice at all. The farmers of the great West have made a large crop of grain which they may sell at fair prices if they can have it carried to the Eastern ports, even at the unreasonably high freights of last summer. But just now it is said that the railway companies have agreed among themselves to raise the freight 5 cents per cwt., which is equal to an export tax upon the whole crop of probably \$75,000,000. The farmers must submit to this highway robbery, or else keep the products of their land to rot on their hands. They submit, of course, as all other classes of industrious people submit to similar impositions.

"Common justice imperatively requires that freights be fixed, settled and prescribed by law, and that they be not changed at the mere will of the railroad companies.

Now, Sir, it does seem to me that if it had not been for the wonderful productiveness and expansion of the North-West, the people could not have borne the taxation which the railroad companies have been imposing upon them, and as year by year the average fertility of the soil diminishes, as year by year the crop to the acre decreases, it will be found a burden which will compel a change by the act of Congress or some other power. It will be found a burden wholly intolerable to be borne very long;—this control which these great railway companies have over that great country and over the agricultural interests of the great North-West. And while that state of things is existing in the neighboring Republic, while its people are groaning under the burden, while they are looking all around them for means to redress the evil with reference to existing corporations possessing vested rights, the Government of this country, blind to the lessons which the experience of the Republic teaches, proposes to extend and inaugurate that evil in a ten-fold more aggravated shape in this country. To what end is our

splendid road to Thunder Bay? To what end did we sink millions more than necessary to produce the extraordinary grades and splendid provisions with respect to curvature which exist on that road? Why, was it not to cheapen the cost to the head of navigation and enable us to defy competition, having a good port, and being so circumstanced that we can take down freight a little cheaper, as we can from Prince Arthur's Landing to Montreal by the Lakes, than they can from Duluth, and so beat them? Was it not to invite farmers to the North-West by the statement, "Gentlemen, there is a country in which you have not got monopolist rates for freight charged, a country in which the Government itself, in order that you may have your freight brought down cheap, has built, at an expense entirely unnecessary for other purposes, a railway superior perhaps to any other except the Canada Southern, and capable of transporting your freight at the lowest possible rate?" Sir, the grades and provisions as to curvature of that road are such, as you will learn from the report of the Chief Engineer last Session, as to enable us to take within a fraction of twice the paying load the average grades and curves would allow. It will, therefore, approximately carry freights at half rates. Approximately the cost for transportation will be one-half—I do not say actually one-half because there are other circumstances which may require to be considered, but approximately it will take freights at very little more than half of the average rates. That is the means, that is the inducement you have to offer to the people of Manitoba and the North-West within a year or two. But, Sir, to whose advantage are these splendid grades; to whose advantage is this magnificent railway constructed so that it can be run and worked very cheaply, and enormous trains twice the length of those on other roads can be brought down? To whom is the gain to ensue, if the practical result is to be that freight can indeed be carried down at a less actual cost, and that you have only given a greater margin on the division of the profit on the crop to the railway company? Then I must say it has been a very unprofitable expenditure. We are bound, in my opinion, by the most obvious duty to our country, to see that the singular advantages which the Thunder Bay road gives, of taking down the wheat of the North-West to the seaboard, and taking up the manufactures of the East to the North-West at moderate rates, shall be used not to give still larger profits to a railway company, but to secure cheap transport to the public, whose money has paid for that road, and who will have, for generations, to bear the burden of the interest due to it. Now there are various remedies. Competition is, of course, an imperfect remedy, because the competitors may combine, but it is better than nothing. Look what it does between Chicago and New York! Look what it does between Chicago and Montreal! Contrast those distances and the rates on these lines with the rates where there is no competition, as in the case I have given you of the St. Paul and Manitoba Railway. And remember that often, though there may be a difficulty in keeping up a competition, and though you cannot ensure that the competitors will not combine, yet the possibility of competition, and the knowledge that extortionate rates may lead to the building of other roads, is a check upon these corporations. But you prevent anybody, who is not in the interest of the Syndicate, from building at all in a way which will produce competition. You not merely do not secure but you prevent designedly the possibility of competition, and the hon. Minister seems rather to congratulate himself that he has secured a consolidation of interests with the St. Paul and Manitoba Railway Company, so that this very line of railway to Thunder Bay which the people of the North-West were looking for, and hoping for, and praying for is closed to them as a means of relief, and the Syndicate is to control every gate-way to the North-West. A public commission would give some chance of

relief, though one of those great railway magnates in New York has declared it as his belief that such a commission always must have one of two results: either the commissioners must own the railway or the railway must own the commissioners. Still something might be done in that way. A provision that the rates should be fixed with a due relation to the actual cost of transport and to some reasonable profit—some large profit if you like—on such individual capital as might prove to have been sunk in the undertaking would be a feasible remedy. A provision which gives the Government the machinery for examination and inquiry into what is the actual cost of transportation, from time to time into the actual individual capital sunk, which gave even 20 per cent profit on that amended capital, would be a great relief. A reservation of public rights on the road, a right to give running powers to other corporations, would be a relief; a provision for the reverter of the line to the public; a provision to give power, on the part of the public, to re-acquire the line on reasonable terms, such as are contained in the present Railway Act, would be a relief. A provision, at any rate, which would enable the provinces which we hope to carve out of the North-West, and through which the road is to run, to re-acquire the railway, would be a relief. If they were to be allowed to purchase the road at a valuation, and get rid by peace instead of by war of the monopoly, it would be a relief. And there are other methods such as the fixing of charges by reference to general averages, and by defining minimum rates. But none of all these things has been done, none of all these things has been attempted: We go on, in spite of the oft repeated lessons of experience, to create to-day, in the year 1880, what I venture to say the men to whom the hon. gentleman has referred would not dream of creating in the United States. Sir, I object to this scheme because I believe it to be a scheme not in the interests of the country, on other grounds. The hon. gentleman was right to refer to my speech of last year. I continue to believe in an eastern connection. I believe, Sir, in the eastern connection. I am of opinion that the interests of this country call for an eastern connection, but I am not of opinion that the interests of this country call for the retardation of that connection. I am not of the opinion that the interests of this country call for the postponement of that connection. I am not of the opinion that the interests of this country call for enormous expenditure in order to secure that connection under existing circumstances. I believe, Sir, that the line by the Sault Ste Marie, in the present condition of railway matters on both sides of the line, affords the practical solution of that problem. A solution perfectly easy, perfectly plain, and possessing obvious advantages of an enormous character over the plans of the Government. The Sault line gives you, in the first place, a connection in two years, or at most in three. Do you want an all rail connection with the North-West? The line you propose, offers you that connection in ten years; the Sault Ste. Marie line offers you one in three years at most. It gives you that connection through a country capable of settlement, while the line, so far as we know, which is proposed to be run by the north shore, is through a desolate country, almost entirely incapable of settlement. It, therefore, gives you a line which, so far as the way traffic through our own country is concerned, will give the power of reducing the expenses, by giving a profitable trade, which will not exist with a north shore line, and, of course, if the through traffic is to bear the full cost of operating the 660 miles of railway, through traffic will have to pay a higher rate than it would if that cost were diminished by the results of the operation of the railway through the settled country. I have not the slightest doubt that it can be done. Such are the commercial advantages of that line that it must be done,



If you choose to take the sum of money and the quantity of land which you are going to give for the construction of the sixty-three miles from South-East Bay to the Sturgeon River, and grant it as a subsidy to a Company, they will build the whole 290 miles, including the 63 miles; and I have no doubt that you can let the contract in thirty days from this date. I believe that the Canada Central Company would not suffer any other company to go in and take the road if these terms were offered; and I am quite certain that other companies would offer to build it on those terms. We know, indeed, that an offer has been made already—perhaps the price is too high; but I have no doubt whatever, but that compared with the North Shore plan, it would be infinitely more advantageous. I believe that that offer is some 4,000 acres of land and \$4,000 per mile for 290 miles, being a little more than you are going to pay for the sixty-three miles. But I believe that is too high an offer, and that a lower one could be obtained without difficulty. Now, Sir, why do I say that you could get the road so cheap? First, because this road, passing, as I have said, through a country almost entirely capable of settlement, therefore presents prospects in itself of a good remunerative local traffic. But that is not the only nor the chief reason. Anybody who looks at the map, or who knows what is doing on the other side, must know that that road is the key of the position; that the future of Canada, and particularly of Montreal, is bound up in our having the shortest line by way of Sault Ste. Marie by which the traffic of the American North-West, as well as of the Canadian North-West, shall go to the ocean steamships. And then you get a first-class line because the great traffic will maintain it, because the great traffic will demand it, and you get all the accommodations and advantages and cheapnesses which belong to a first-class line and a great traffic. Sir, that line will give us the trade of about 400 miles in depth, as I estimate, from our boundary all across the continent. It will give us, at present, the trade to a point 60 or 70 miles south of St. Paul, and when shorter connections are made between that region and the South, for a still further distance. But 300 or 400 miles in depth by a continent in width are assured to us by that road. It will give us a trade not in the future. We are told to rejoice, because in ten years we will get a road through to the North-West and be able to do a trade with the people who will then be settled there. I propose that you adopt a scheme which in three years would give you a short route to the North-West, and therefore give you for seven years before your own scheme will do it and for all time thereafter access by rail to the North-West, and within three years and for all time thereafter the traffic of over 1,200,000 Americans on the south of the boundary. It is estimated that the population of the United States which would be tributary to that route, and which would be constantly increasing, would be as follows:—Northern Michigan, 125,000; Northern Wisconsin, 225,000; part of Minnesota, 600,000; Dakota, 135,000; Montana, 39,000; Washington territory, 65,000; Idaho, 30,000; or a total of 1,200,000 at present in these territories who would be tributary to our line. You get the whole trade of the Northern Pacific Railway, that great corporation, which has just started on a new lease of life, which has financed its enterprise and which is diligently spreading its lines, not merely to the west, but to the east, to reach the Sault. It is at Duluth now, and it is being built for 114 miles towards the Sault, from the Northern Pacific Junction, near Duluth. But by this line you get more; you get the shortest line from San Francisco to Europe. If you want to speculate on the future of the North-West I offer you a connection that enables you to speculate on that and on the south-west as well, and which gives you to-day the great west as a present boon. It is doubtful if the best route has been chosen. It is not impossible, but that a better route may yet be chosen between South-East Bay and the

Sault, I go for the shortest route, whether to the north or the south of Nipissing. I proposed long ago that the road should go to the south of Nipissing; if it were proved that that were practicable in connection with the interests of the railway. I thought the interests of my own Province made that fair and just, but the road which was proposed at that time was one of a different character—one which was to go by the Mattawa, and it was isolated from the Province. I ask for the shortest line in the interest of all. But I take, for the purpose of comparing the lines of communication, the distances, not by projected air lines, but by ascertained lines, as far as possible. I differ a little from the figures of the hon. Minister, I believe he gave us 460 and odd miles from Winnipeg to Duluth. I suppose that figure is correct; but it is wrong to take the distance to Duluth for the purpose of the calculation. You go only to the Northern Pacific Junction, which is 22 miles from Duluth, and you get a distance from Winnipeg not by direct line from Winnipeg, but by two sides of a right angled triangle of 442 miles. At Emerson you strike the St. Paul, Minneapolis and Manitoba to Glyndon, thence by a round about way which could be shortened by 100 miles without difficulty. In fact a line has been surveyed which shows this. The hon. gentleman gave the figure of 410 miles from that point to the Sault. I have found some difficulty in ascertaining those figures on account of conflicting statements, but I accept the hon. gentleman's statement of figures. From the Sault to the South-East Bay I take 290 miles, which is more than has ever been taken before, and I believe more than it will be found to be when it is ultimately ascertained. I am told the sum of the chaining on the circuitous route is 294 miles, and I think 290 miles is a fair estimate. While an air line is only 234 miles from South-East Bay to Montreal it is 364 miles, or a total of 1,506 miles by the circuitous route from Winnipeg to Montreal. That route may be shortened at least 100 miles whenever the necessities of the case require. Now, the Canadian route, as I have made it out, is, from Winnipeg to Thunder Bay, 428 miles; from Thunder Bay to South East Bay, 663 miles; from South East Bay to Montreal, 1,455 miles, or somewhat shorter than the Sault route. The hon. gentleman makes it still shorter. He makes it to be 371 miles from Winnipeg to Linkoping Station. He assumes the Syndicate will follow the line from Linkoping, and he makes out his distance 34 miles shorter. Last Session he told us he was not certain they would not run straight on to Thunder Bay. No information have we had since enables us to judge of his present suggestion, and the information we had before was that the route was so embarrassed by a lake, I think called Dog Lake, not far from Thunder Bay, as to necessitate such a deflection and such an early junction at Thunder Bay as would make a comparatively trifling saving, if it were designed to join the line further up. But even taking the hon. gentleman's figures of 1,421 miles, and compare them with 1,506 miles, the Sault line is thus only eighty-five miles longer. I make it only 51 miles longer; and I am convinced it can be made 50 miles shorter. You may call the lines for practical purposes of the same length. What more does this route give us? It gives us a great summer route through our own territory; it gives us a route from Winnipeg to Thunder Bay of 428 miles, the cheapest route we can have, from Thunder Bay to Goulais Bay 220 miles, and from Goulais Bay to Montreal 654 miles, or 1,302 miles from Winnipeg to Montreal, taking the Lake Superior stretch. Now, you have got only the north-west winter traffic by the north shore line. The great bulk of the summer traffic will go by water, either to the Sault line, which, I believe, will be built, or down the lakes and not by that North Shore route. That road will be constructed as the

Union Pacific was constructed originally, and you all know now, I think, something of what that means. It will pass through a difficult country, rendered more difficult by the climatic conditions, without local trade, it will be surrounded by great difficulty of construction and operation, and will not be successful. The Lake Superior water route which you acquire, as well as the all rail route by the Sault, is of the first class. It presents, excepting in one particular, the best prospect of any water route; you have a deep lake, no canalling and good harbors. The largest sized vessels, therefore, can be used, and we know what economy there is in enlarging the size of the ship. You have a longer season; Lake Superior, owing to its great depth, is open much longer than the other lakes, and, of course, we know the longer the season the more convenient to the public, and the longer the season the shorter the dead season for the ship, and the cheaper she can run. There is, of course, one disadvantage, and that is the shortening of the run. There is no doubt a difficulty with reference to the terminal charges and delays in port that might possibly make the freight somewhat cheaper under equal conditions if the run were longer. I believe these favorable conditions more than counter-balance any difficulty of that kind, and, at any rate, it has been demonstrated that with a large ship, you can carry grain very low upon the lakes. It gives you an admirable emigrant's road. You do not go on American territory, which you are so afraid if the immigrants once get on they will never quit; you can take them right along to Goulais Bay, and keep them in your own territory, if necessary having a regiment at the frontier to keep off American agents. You can put them aboard your own boat and take them off, and you have an admirable route during the whole season of emigration, for the emigrants. So, whether you look at the unequalled rail and water route owned by yourselves, or the all rail route, partly within your own territory, you find you have admirable routes, and seven years earlier, but with traffic infinitely superior, and at an expense wholly nominal compared with your own line, at an expense of one-eleventh of your own line. Because, if your own line is 663 miles long, I venture to say with the hon. Minister himself, that, to use as a basis of credit the funds necessary to construct 63 miles, would insure the construction of the whole 290 miles from S. E. Bay to the Sault. I do not say if you build 63 miles you will insure the construction of 290 miles, but I do say that if you use the cost of 63 miles as a basis of credit for the Company, you will sufficiently establish that Company to secure not merely 63 miles but also the remaining 227 miles, and to get the whole line. Now I have stated that this route is of vital consequence to Canada, irrespective of the North-West altogether. I say the prospects it opens to us are cheering in the extreme. I take as a point which is most reasonable, Glyndon, to which I have before referred, which is, if I remember aright, 132 miles to the south of the border and on the line of the Northern Pacific Railway. The distance from Glyndon to Montreal by the Sault would be 1,307 miles. A line by the Sault running down to South-East Bay, thence on to Brockville, and thence to New York, is the shortest line that can be obtained by any existing or even by any projected or reasonably devised means of communication. Therefore, if the traffic from that point to New York is going to take the shortest route it will come through our territory all the way from the Sault Ste Marie to Brockville, and it will be 1,556 miles from Glyndon to New York, a saving of 299 miles. But if you suppose, as not unnatural, that the great railway companies *via* Chicago, which at present engross that trade, compete for such of it as is going to New York, and if you compare

the distance from Glyndon to Montreal by our line with that from Glyndon by Chicago to New York, you will find that the latter gives a saving to Montreal of 299 miles. If you take Boston, rising in importance as a port, the shortest line to Boston from Glyndon would be down to Brockville, and it would be 1,600 miles, or 293 miles longer than the distance to Montreal. If you take the travelled route, by which the trade would most likely go, by way of Chicago, it is 1,662 miles to Boston; that is a saving in favor of Montreal of 355 miles. Then you must add the 250 miles saving in the ocean passage between New York and Liverpool and Montreal and Liverpool, and you will get, on the whole, in land and water, some 500 or 600 miles shorter distance from Glyndon by the Port of Montreal than by way of the great Atlantic ports in the United States. I believe that is a controlling advantage. I do not assert that it would secure all the traffic against the gigantic competition, the determined competition, which would, no doubt, be exhibited in favor of the existing roads; but I have no doubts whatever that the Northern Pacific would desire, and it would be to their interests so to do, to take the traffic right along to the Sault Ste. Marie, which would give them 300 or 400 miles more of transportation over their own lines, and all the traffic that they could control would go there. It is also to the interests of St. Paul to send their stuff by the shortest route to market, and seeing we have the combined advantage of 300 miles of rail and 250 miles of water, we are bound, in my opinion, if only we act in time, and stretch forth our hands towards the future that is waiting us, to obtain it. This is the time; these roads are all more or less in process of construction; the Northern Pacific, as I have said, is determined to complete its line eastward from the junction near Duluth to Montreal River, about 100 miles; the line is surveyed, and is now being cut out; a company has been organized to build the next link of about 50 miles, this brings you to the terminus of the Marquette, Houghton & Outonagon R. W., which is to make connection there, and of which 63 miles between L'Anse and Marquette are already built; then you have the Marquette & Maikinaw Railway right down to the Straits, of which one-half is now built and the rest is to be finished by August of this year or next. Then there is also to be built the thirty or forty miles to the Sault Ste. Marie, and there is no doubt whatever that it would be immediately built the moment it was seen that the River St. Marie was to be crossed and the connection to be made with Montreal. Therefore everything is pointing to the completion of the connection on the American side within a very brief time, and we ought to bestir ourselves in order to meet them, and if we do bestir ourselves we shall have, at the earliest moment, the connection made. It is important that we should get it at the earliest moment, and that we should make this connection just as soon as these people are ready to make it, and, therefore, it is a question that is pressing for immediate consideration upon the House. The hon. gentleman opposite said last year in Montreal and Toronto, that he quite agreed that the construction of the Sault Ste. Marie line would be to the public interest, because it would give a short route to the North-West and could be presently used to get the American trade, I believe that if we can get the American trade we cannot but hold our own. Do you suppose that if you will go and take the trade for 300 or 400 miles south of the boundary, that the Canadian trade will go by other roads? Do you suppose they will not prefer to go that way when the Americans, from their business point of view, prefer to use it? Every man must believe, as the Minister does, that we will take the American trade by the Sault line, and we must believe that we will keep our own trade. My views upon this subject are maintained by the report of the engineer in

the last Session. He pointed out in strong terms that both by land and water the route of this line was admirable; that the railway would command the traffic of all the country north of St. Paul; that was a cautious statement, and my belief is that it would take the traffic of a considerable area to the southward of St. Paul. This is by no means an Ontario question. The road you propose to take, and I am not saying a word against it, the 63 miles of your projected line, whether you go to the Sault or to Thunder Bay, would not bring Ontario any nearer to the North-West or any further from it, as compared with Montreal. The interests of Ontario are not different from the interests of Quebec; there is the common interest of carrying the great trade of the North-West by rail, at the earliest possible moment, to the sea, and of getting at the earliest moment a first class summer route for emigrants and freight within our own boundaries. Both these objects are common, and in both we have more than a merely local interest. One plan, the north shore line, proposes to build 650 miles of railway in my province while the Sault plan only gives 290 miles of road to be built in it; but any person who, for that reason alone would support the first, would be unworthy to be a member of this House. What we are bound to do is to consider which line is the best for the whole country, and I am sure that no man from Ontario would put it upon any other ground. I contend that my province has nothing like the interest of the Province of Quebec in this matter, but we have the general interest, that interest which we have in common with all the other provinces, in the lightening of the general burdens by minimizing the expenses, by not spending money unnecessarily, by not building this 600 miles over a desolate country which will pay little or nothing which will not be finished for ten years, when at the expense of constructing one-eleventh of that distance you can do a great good, and do it in less than three years. We are interested in doing the best for the North-West, and we are interested in common with all in that. We are interested in the trade and commerce of the North-West, being taxed as lightly as possible, and why? Because we are paying millions every year to maintain the North-West; because it is our direct interest—the interest of all of us—to see the North-West self-sustaining as soon as possible; because its being self-sustaining depends upon a population getting in there and thriving after they have got in; and because their getting in and thriving afterwards depend upon traffic facilities being given in the earliest and best way. And therefore the good rail and water route given by Goulais Bay and Thunder Bay, and the short all rail route given by the Sault line and the Pembina branch, are things which on the score of economy and on the score of the interests of the North-West, ought to commend themselves to every man from every province. We all know where the grain from the North-West will go. It will not go to the Province of Ontario, but it will go where it ought to go, to the port of Montreal; and from thence will come again the great mass of the return freights. All the goods to be imported from foreign countries will naturally be sold from Montreal, because the return cars must be brought from there full or empty, and very much better rates can be obtained under these circumstances for traffic to the West. And as to manufactures, that large class of staple articles which are manufactured in Montreal will, of course, go up from Montreal; and sugar, if only the producers of that article will not place it higher than the article will bear, as well as cottons, woollens, and so forth, will principally go up from that section of the country. Our share in the direct advantage of this trade is, in my judgment, comparatively modest and insignificant. I believe it important to my province, that we should obtain a connection and get a share of that traffic, if we can; we are going to do it, I hope; but I believe—I say it frankly,

and I do not say it regretfully—that the great and signal advantage of the plan I suggest alternatively, goes to the point at which the ocean steamship meets the railway car, and that is the port of Montreal. We will, no doubt, send up some manufactured goods, and we will receive some articles from that country, but the lion's share will go to Montreal. And, I believe, we all rejoice at the prosperity of Montreal. I believe we, from Ontario, are inclined to look at Montreal as our ocean port. For a long time our goods were not only brought, but sold there. We are beginning to do a little for ourselves now; but our relations with that port must always be of an intimate character, and we must believe that anything that advances its prosperity must be of general advantage to all who get and send their goods by that route. Now, I can understand, even if I cannot sympathize with that sort of feeling which, in other circumstances, would be rather apprehensive of trade going south. I could understand the hon. gentleman's putting in a clause saying that no man should build a railway in a particular direction or within fifteen miles from the United States frontier unless he belonged to the Syndicate; I could understand his saying that, if our conditions differed. But, since we have the key of the position, since when the stuff does go south, it must, by the laws of trade, find our shores again by the Sault Ste. Marie, since all that it goes away for is to come back again, since it can only go by another route at a manifest disadvantage, since by that line we are going to tap the American trade, I cannot understand the carrying to such an extraordinary extent the objection to using other people's lines for our own purposes as is implied in the suggestion that it is wrong to have a south-westerly line. I maintain that we will be able to control the traffic of the North West legitimately, and I do not want to control it in any other way. I do not believe we have the right,—speaking for posterity, speaking for the future of a country which you say contains 250,000,000 acres of fertile and habitable land—a country which contains such an area of fertile and habitable land that the largest of our Provinces shrinks into utter insignificance in comparison—we have no right to say, still less have we the right to expect, that the commercial prosperity of that country shall be kept dependent on any other consideration than what will be to the highest advantage to the producers and consumers of that country—what will give them the cheapest route to market. But it is our good fortune that their and our interests will harmonize, because we can not only give them the cheapest route to market, but we can point out to them that their cheapest route to market takes their stuff to our own ports, and takes their imports from our own ports. All we have to do to accomplish that result is to utilize the American lines. Now, Sir, what do they do? Why, Sir, the western peninsula of Ontario is streaked with lines loaded with American traffic. The Great Western has two lines, the Grand Trunk two lines, and the Canada Southern line, carrying thousands and thousands of tons of American traffic. Why do they send it through our country? Because it suits them; because it supplies the best route for them. They do not feel that it is anti-national to go through Canadian territory. They do not feel that there is anything humiliating in it—that there is anything wrong in it. What do we do? Why we send our roads through American territory. The Government the other day proposed to pay £300,000 for the purchase of a line from the Grand Trunk Railway in Canadian territory, on the condition that the money was to be used in such a way that the public interests would be advanced—how? By the Grand Trunk acquiring a line through U.S. territory to Chicago, and properly so, for commerce knows no boundary line in this matter. Commerce seeks to make use of our neigh-

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bors' roads—not in order to make connections which might be naturally our own, but in order to make the best, the nearest, the cheapest commercial connections between the two parts of our own country. If, Sir, we can annex commercially a part of Minnesota—as the hon. gentleman said the other day: Why not do it? But I want to go further, I want to annex, not only Minnesota, but Wisconsin, Michigan, Dakota, Montana, Idaho, and Washington Territory. I believe they can be annexed to a great extent if you direct your energies and use your scanty resources wisely, and so get rapidly this efficient line, instead of spending ten years and many millions of money in struggling along the north shore of Lake Superior to find your way to the North-West. Of course, everything in reference to the problem of transportation is in a state of transition. Not merely is the cost by railway diminishing and likely to diminish, but also, owing to other circumstances, the cost by water though our routes is likely to diminish. Our water-ways are being enlarged, and it is said by experienced persons that even that measure of enlargement which is being given, will enable grain, under the most advantageous circumstances, to be carried 45 to 50 per cent cheaper than it can be carried at present in the full size Welland canal vessels. The problem, which of the two agencies, rail or water, will win in the competition for transportation, may be said to be in doubt. The actual cost, not including profit, to take the grain from Selkirk to Thunder Bay, 400 miles, would be on an average road 4 cents. I have already said that you can double freights on that railway, and therefore you may fairly count the rate of actual cost at  $2\frac{1}{2}$  cents, making no allowance for profit at all. It is pretty clear, I think, from what information I have been able to gather, that you can freight the grain in large vessels on Lake Superior at from  $1\frac{1}{2}$  to  $2\frac{1}{2}$  cents from Prince Arthur's Landing to Goulais Bay, the smaller sum being the actual cost, and the larger one embracing a profit; and the average rate from Goulais to Montreal is  $6\frac{1}{2}$  cents, making a total of  $10\frac{1}{2}$  cents. If you go by the lakes, you pay  $2\frac{1}{2}$  cents to Thunder Bay and thence to Montreal 7 cents making a total of  $9\frac{1}{2}$  cents for actual cost exclusive of profit, so that at present both routes are nearly equal, and at present both routes are very good if only you resolve not to hand over those advantages which you have bought and paid for to others that they may profit by them, instead of your countrymen. I have to advert to another topic of minor, but still of great importance. I do not think that the facilities and regulations as to rates for connection with Ontario line are adequate. I quite agree that the system might perhaps be adequate, if this great corporation had its terminus and the end of its connections at a given point, at Lake Nipissing, but it is obvious from what we know of the position of the Syndicate, from the very contract itself, which contemplates the amalgamation of the Canada Central with the railway company, from the powers given it to purchase other railway companies, that we are or may be dealing with a corporation composed of one gigantic railway stretching all the way to Montreal. If the object is to take traffic from that railway at Lake Nipissing, it is clear there are devices known to astute railway men by which that may be avoided. They may charge to Nipissing a very high rate from the West. It would be no consequence to them if a low rate were charged from Nipissing to Montreal on the line of the Canada Central. You will be dealing with a corporation whose interests will lead it to send the traffic in a particular direction and you must guard carefully against wrong. Now I want nothing for the Province of Ontario except to secure that she shall not be placed at a disadvantage. I am sure no hon. gentleman will refuse her that. What I want is that she shall be so guarded that she shall have a fair chance to compete for

that modest share of the traffic that ought to come to her, and I do not believe that this security is given her. Now, I cannot understand why it is that this monstrous bargain has been brought down to Parliament, how it is that Ministers who, during the last session of Parliament, told us that they were able without infringing upon or burdening the resources of the country to construct the Pacific Railway, should bring down a plan which does not relieve us from the burden of its construction, which obliges us to go on spending our money for ten years to come, which involves a total expenditure by us of \$60,000,000, and the total cession of 25,000,000 acres of our choicest lands, and which hands over to a private corporation the whole profits of that expenditure and a vast monopoly and incalculable boons of various kinds. The hon. gentlemen did go too far last session. They insisted on building at once in British Columbia. They alarmed the country by what they did. Had they proceeded in the business-like way suggested, had they gone on with the Thunder Bay branch and the prairie section, had they agreed that our finances could not stand the strain of building in British Columbia, there would have been no reason for them to do the thing they have done and invite Parliament to pass the contract they have laid before us. But they did that thing, they made those statements which the public mind did not credit, and they felt that they were bound to make some other arrangement to escape from the difficulty into which they had plunged themselves. They go to England and they make the attempt. It turns out that they did not succeed in England. The First Minister said that they had very nearly failed, and that when they left England they had not succeeded in making a bargain at all, that details which were so vital that disagreement upon them would nullify the whole proceedings were still in suspense when they came here, and remained in suspense some six or seven weeks after they arrived. Prudence demanded that they should simply say that negotiations were going on and that they hoped to succeed in arriving at a conclusion; but the hon. gentlemen would not wait. They announced a triumph; they announced that they had already made their bargain; that the contract was "firm;" and by such an announcement placed themselves in the hands of those gentlemen who formed the Syndicate. They could not afford thereafter to differ from those gentlemen. In what position were they to differ from them. The hon. Minister had announced, and the people had accepted his utterance, that a bargain had been made which would ensure the construction of the railway without cost to the people, and induce a great flow of immigration into the North-West. What in the world could he say if, after being here seven weeks, he should be obliged to give the lie to those declarations and to say: "I had made no bargain at all, I had only agreed upon some certain general lines. All those details remained unsettled when I spoke to you, the Syndicate and we could not agree to terms, and consequently we are where we were." That would indeed have been a great humiliation. To the chance of that humiliation he exposed himself, and in order to avoid it I do not doubt he has passed many anxious hours struggling with the men in whose toils he had placed himself, and endeavouring to obtain some terms less bad than those to which he has been obliged to submit in the end, struggling from day to day, scrutinizing, considering, and endeavouring to get these gentlemen to take something less than the bargain they insisted upon. They know that the First Minister could not afford to declare that what he had stated was not correct, and that they could press him to bargain after bargain, to stipulation after stipulation, point after point, additional pound of flesh to additional pound of flesh, until they had their fill; thus it is that this contract has been prepared. A contract might have been presented containing altogether other terms which might

have been worthy of our adoption. This contract is worthy, in my opinion, only our rejection. I shall not venture to hope that this House will reject it, but I do not doubt that an indignant country, although you will not give it time now to raise its voice, will take the earliest opportunity to inflict a summary penalty upon those persons, offenders

for the second time, who having once betrayed, when entrusted with power their country's honour, and having been forgiven, have now taken advantage of the opportunity which a too confiding people conferred upon them to betray in the same transaction her most vital and material interests.

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